# FY 2015

# Congressional Performance Budget Request

## FEDERAL ENERGY REGULATORY COMMISSION

Acting Chairman Cheryl A. LaFleur

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# 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.

**Fulfilling this mission involves pursuing three primary goals:**

1. **Ensure that rates, terms, and conditions of jurisdictional energy services are just, reasonable, and not unduly discriminatory or preferential.**
2. **Promote the development of safe, reliable, secure, and efficient energy infrastructure that serves the public interest.**
3. **Achieve organizational excellence utilizing resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.**

## Proposed Appropriation Language

For necessary expenses of the Federal Energy Regulatory Commission to carry out the provisions of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including services as authorized by 5 U.S.C. 3109, the hire of passenger motor vehicles, and official reception and representation expenses not to exceed $3,000, $327,277,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed $327,277,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2015 shall be retained and used for necessary expenses in this account, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as revenues are received during fiscal year 2015 so as to result in a final fiscal year 2015 appropriation from the general fund estimated at not more than $0.

## Full Cost Recovery

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

| | FY 2013 Actual | FY 2014 Estimate | FY 2015 Request |
|---|---|---|---|
| Appropriation | $ 304,600,000 | $ 304,600,000 | $ 327,277,000 |
| Offsetting Collections | $ (304,600,000) | $ (304,600,000) | $ (327,277,000) |
| **Net Appropriation** | **$ -** | **$ -** | **$ -** |

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The Commission requests $327,277,000 and 1,480 full-time equivalents (FTEs) to execute its mission in fiscal year (FY) 2015. This funding request is an increase of $22,677,000, or about 7.4 percent, over the FY 2014 Congressional budget request. However, when adjusted for costs associated with a multi-year building consolidation effort, it is only 0.8 percent over FERC's FY 2014 request. Prior to this submission, the Commission has not requested an increase in resources since FY 2011.

The General Services Administration's (GSA) lease of the Commission's 888 First Street Headquarters building is set to expire in September 2015. Separate from FERC's regular operating expenses, this budget request includes initial funding for a multi-year building consolidation project. The Commission is required to fund $20,277,000 of a $44 million project in FY 2015. Congress is currently reviewing the Prospectus, which gives GSA the authority to execute the 10-year renewal option on the Commission's Headquarters building. Upon Congressional approval of the Prospectus and corresponding funds, the Commission will execute this consolidation project pursuant to current GSA space use policy. FERC plans to consolidate within the Commission's Headquarters building to reduce its overall space utilization by 12 percent, which would include relocating employees currently located at 1100 First Street back to the Commission's Headquarters building. The building consolidation project is expected to take approximately four years to complete. It entails multiple employee moves to renovate the building and requires external swing space occupancy to effectively re-position personnel in a more efficient housing scheme. This one-time request includes $19,700,000 to support initial project requirements associated with basic construction costs (design, demolition, and reconstruction) and $577,000 for contractor support necessary to reconfigure FERC's office space in a way that meets the reduction goals by the end of the project schedule, which is currently projected in FY 2020.

Other nominal increases in FY 2015 reflect the necessary resources to support mandatory increases in salaries and benefits associated with a 1.0 percent pay raise in both FY 2014 and FY 2015 as well as to support program cost increases in statutorily required hydropower environmental work. Over the last three years, the Commission has reduced costs through streamlining processes and improving efficiency in administrative and programmatic areas in order to remain flat. The Commission continues to pursue innovative information technology (IT) initiatives to help achieve better performance and future cost savings. These efforts in turn allow the Commission to free up resources and invest them in its highest priority programs.

**Comparison of FYs 2014 and 2015**

| **Major Category** (Dollars in thousands) | **FY 2014 Estimate** | **FY 2015 Request** | **Difference** | **Percent Change** |
|---|---|---|---|---|
| Salaries & Benefits | $ 224,359 | $ 226,970 | $ 2,611 | 1.2% |
| Rent | 22,883 | 23,119 | 236 | 1.0% |
| Environmental and Program Contracts | 7,896 | 9,815 | 1,919 | 24.3% |
| Information Technology | 31,475 | 29,158 | (2,317) | -7.4% |
| Administrative (including Travel and Training) | 17,987 | 17,938 | (49) | -0.3% |
| Building Consolidation | - | 20,277 | 20,277 | 100.0% |
| **Totals** | **$ 304,600** | **$ 327,277** | **$ 22,677** | **7.4%** |

*Note: Tables in this document may not add due to rounding adjustments.*

## Resources by Strategic Goals and Objectives

In accordance with the Office of Management and Budget (OMB) guidance, the Commission updated its Strategic Plan for FY 2014 – FY 2018. The Commission's budget request and associated justification is aligned with its updated Strategic Plan. The first two goals are mission critical and correspond to key aspects of FERC's legislative authority. The third goal is a mission support goal focused on establishing a foundation of organizational excellence that enables the achievement of the FERC's mission.

| **Strategic Goal and Objectives** (Dollars in thousands) | | **FY 2013 Actual** | **FY 2014 Estimate** | **FY 2015 Request** | **Percent Change FY 2014 to FY 2015** |
|---|---|---|---|---|---|
| Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions | Funding | $ 157,790 | $ 142,408 | $ 152,124 | 6.8% |
| | FTEs | 810 | 701 | 701 | 0.0% |
| Objective 1.1 | Funding | | 111,098 | 118,112 | 6.3% |
| | FTEs | | 546 | 546 | 0.0% |
| Objective 1.2 | Funding | | 31,310 | 34,012 | 8.6% |
| | FTEs | | 155 | 155 | 0.0% |
| Goal 2: Promote Safe, Reliable, Secure, and Efficient Infrastructure | Funding | $ 131,830 | $ 107,098 | $ 116,105 | 8.4% |
| | FTEs | 641 | 500 | 500 | 0.0% |
| Objective 2.1 | Funding | | 55,812 | 61,284 | 9.8% |
| | FTEs | | 249 | 249 | 0.0% |
| Objective 2.2 | Funding | | 51,286 | 54,821 | 6.9% |
| | FTEs | | 252 | 252 | 0.0% |
| Goal 3: Mission Support through Organizational Excellence | Funding | - | $ 55,094 | $ 59,048 | 7.2% |
| | FTEs | - | 279 | 279 | 0.0% |
| Objective 3.1 | Funding | | 29,290 | 31,444 | 7.4% |
| | FTEs | | 155 | 155 | 0.0% |
| Objective 3.2 | Funding | | 13,023 | 13,922 | 6.9% |
| | FTEs | | 60 | 60 | 0.0% |
| Objective 3.3 | Funding | | 12,781 | 13,682 | 7.0% |
| | FTEs | | 64 | 64 | 0.0% |
| **TOTAL** | **Funding** | **$ 289,620** | **$ 304,600** | **$ 327,277** | **7.4%** |
| | **FTEs** | **1,450** | **1,480** | **1,480** | **0.0%** |

*Note: The table above titled "Resources by Strategic Goals and Objectives" reflects FYs 2014 and 2015 resources as aligned with the Commission's new FY 2014 - FY 2018 Strategic Plan. Resources in FY 2013 reflect the Commission's previous structure aligned with the Commission's FY 2009 – FY 2014 Strategic Plan and, therefore, resources are not reflected at the objective level since the previous goal and objective structure does not directly correlate to the new structure.*

**Resources by Industry**

| Regulated Industry (Dollars in thousands) | | FY 2013 Actual | FY 2014 Estimate | FY 2015 Request | Percent Change FY 2014 to FY 2015 |
|---|---|---|---|---|---|
| Electric | Funding | $ 160,055 | $ 168,072 | $ 179,490 | 6.8% |
| | FTEs | 807 | 827 | 827 | 0.0% |
| Hydro | Funding | 65,658 | 70,070 | 76,597 | 9.3% |
| | FTEs | 325 | 329 | 329 | 0.0% |
| Natural Gas | Funding | $ 57,386 | $ 59,642 | $ 63,908 | 7.2% |
| | FTEs | 285 | 290 | 290 | 0.0% |
| Oil | Funding | 6,521 | 6,815 | 7,282 | 6.8% |
| | FTEs | 33 | 34 | 34 | 0.0% |
| **Total** | **Funding** | **$ 289,620** | **$ 304,600** | **$ 327,277** | **7.4%** |
| | **FTEs** | **1,450** | **1,480** | **1,480** | **0.0%** |

| OBJECT CLASS TABLE (Dollars in Thousands) | | | | |
|---|---|---|---|---|
| | | FY 2013 Actual | FY 2014 Estimate | FY 2015 Request |
| 11.9 | Personnel Compensation | $ 165,181 | $ 174,490 | $ 176,333 |
| 12.1 | Benefits | 47,296 | 50,042 | 50,638 |
| 13.0 | Benefits for Former Personnel | 69 | - | - |
| | Sub Total, Personnel Compensation & Benefits | $ 212,545 | $ 224,533 | $ 226,970 |
| 21.0 | Travel and Transportation of Persons | 2,812 | 3,162 | 3,162 |
| 22.0 | Transportation of Things | 3 | 4 | 4 |
| 23.1 | Rental Payments to GSA | 22,613 | 22,883 | 23,119 |
| 23.2 | Rental Payments to Others | 658 | 717 | 748 |
| 23.3 | Communications, Utilities & Misc. Charges | 1,611 | 1,749 | 1,754 |
| 24.0 | Printing and Reproduction | 1,584 | 1,764 | 1,745 |
| 25.1 | Advisory and Assistance | 5,876 | 8,152 | 10,733 |
| 25.2 | Non-Federal | 5,591 | 6,613 | 6,423 |
| 25.3 | Federal | 1,513 | 1,461 | 1,572 |
| 25.4 | Operation & Maintenance of Facilities | 1,628 | 1,709 | 1,695 |
| 25.7 | Operation & Maintenance of Equipment | 27,992 | 25,200 | 25,633 |
| 26.0 | Supplies and Materials | 2,138 | 2,347 | 2,424 |
| 31.0 | Equipment | 2,579 | 4,216 | 1,503 |
| 32.0 | Leasehold Improvements | 13 | - | 19,700 |
| 41.0 | Grants, Subsidies & Contributions | 48 | 61 | 62 |
| 42.0 | Insurance Claims and Indemnities | 415 | 31 | 31 |
| | TOTAL, OBLIGATIONS | $ 289,620 | $ 304,600 | $ 327,277 |
| | GROSS BUDGET AUTHORITY | $ 289,620 | $ 304,600 | $ 327,277 |
| | Offsetting Receipts | $ (289,620) | $ (304,600) | $ (327,277) |
| | NET BUDGET AUTHORITY | $ - | $ - | $ - |

*Note: Numbers may not add up due to rounding.*

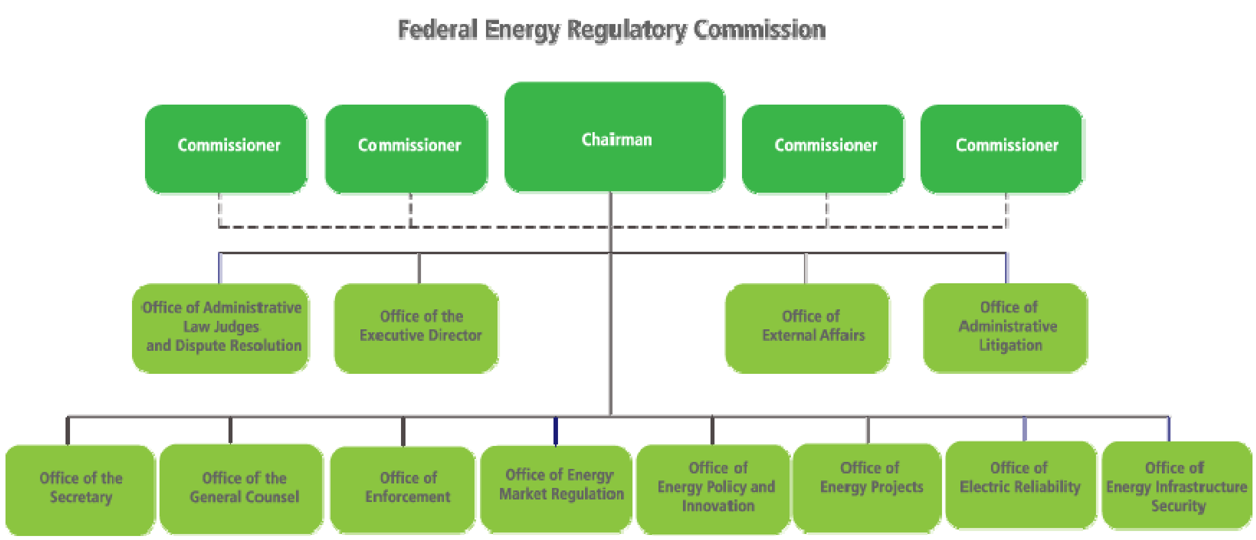
## OVERVIEW OF THE FEDERAL ENERGY REGULATORY COMMISSION

The Commission is an independent regulatory agency within the U.S. Department of Energy. 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. As authorized by statute, including the Omnibus Budget Reconciliation Act of 1986, the Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates. This revenue is deposited into the Treasury as a direct offset to its appropriation, resulting in no net appropriation.

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 the orders through which the Commission takes action. To avoid any undue political influence or pressure, the Commission is a bi-partisan body and no more than three commissioners may belong to the same political party. The President appoints one of the Commissioners to be the Chairman of FERC and the Chairman is the administrative head of FERC.

In addition to the Chairman and Commissioners, FERC is organized into 12 separate functional offices and each is 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 authorities.



## CHAIRMAN AND COMMISSIONERS

**Acting Chairman**
**Cheryl A. LaFleur**
Sworn In: July 13, 2010
Term Expires: June 30, 2014

**Commissioner**
**Philip D. Moeller**
Sworn In: July 24, 2006
Term Expires: June 30, 2015

**Commissioner**
**John R. Norris**
Sworn In: January 11, 2010
Term Expires: June 30, 2017

**Commissioner**
**Tony Clark**
Sworn In: June 15, 2012
Term Expires: June 30, 2016

# COMMISSION OFFICES

The **Office of Energy Projects** (OEP) fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric, natural gas pipeline, natural gas storage, and liquefied natural gas projects that are in the public interest.

The **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. OEMR also analyzes filings submitted by the Electric Reliability Organization (ERO) dealing with its budget, rules of procedure, and bylaws.

The **Office of Enforcement** (OE) protects customers by conducting oversight of energy markets, identifying and remedying market problems in a timely manner, assuring compliance with rules and regulations, and detecting and combating market manipulation.

The **Office of Energy Policy and Innovation** (OEPI) advises the Commission on policies to ensure the efficient development and use of transmission, generation, and demand-side resources, remove barriers to the participation of emerging technologies and resources, and create a platform for innovation in wholesale energy markets.

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

The **Office of Energy Infrastructure Security** (OEIS) identifies and—working with other governmental agencies, industry, and other stakeholders—seeks comprehensive solutions to potential threats to FERC-jurisdictional infrastructure from cyber and physical attacks, including geomagnetic disturbance and electromagnetic pulse events.

The **Office of the General Counsel** (OGC) provides sound and timely counsel to the Commission and Commission staff as it fulfills responsibilities such as assisting in the development of Commission draft orders, rulemakings and other decisions; representing the Commission before the courts; advising the Commission and Commission staff on legal matters; and advising other government agencies, regulated entities and the public on matters within the Commission's jurisdiction.

The **Office of Administrative Litigation** (OAL) advances the public interest in cases set for hearing by providing expert and independent analyses, building a full record of compelling evidence, and leading negotiations to achieve beneficial settlements.

The **Office of Administrative Law Judges and Dispute Resolution** (OALJDR) develops an evidentiary record in contested cases as directed by the Commission. Through trial-type hearings and the issuance of an initial decision, OALJDR ensures that the rights of all parties are preserved. OALJDR also assists interested parties engaged in disputes to achieve consensual decision making through services such as mediation, negotiation, conciliation, arbitration, and facilitation.

The **Office of the Secretary** (OSEC) serves as the 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. OSEC 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.

The **Office of External Affairs** (OEA) is responsible for communications and public relations of the Commission. OEA provides informational and educational services to Congress; federal, state and local governments; the news media and the public; regulated industries; and consumer and public interest groups. This office also is the Commission's liaison with foreign governments.

The **Office of the Executive Director** (OED) provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial, and logistics.

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## REGULATORY AUTHORITY HISTORY AND OVERVIEW

The Commission has an important role in the development of a reliable energy infrastructure and 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 that are described below.

**Hydropower**

Congress passed the Federal Water Power Act of 1920 which gave the FPC its original authority to license and regulate non-federal hydropower projects on navigable waterways and federal lands. As the regulatory authority of the FPC expanded, the Federal Water Power Act ultimately became Part I of the FPA. Part I of the FPA has been amended by subsequent statutes including the Electric Consumers Protection Act of 1986 and the Energy Policy Act of 1992. The Commission relies on these authorities to carry out its hydropower responsibilities including: the issuance of preliminary permits; the issuance of licenses for the construction of a new project; the issuance of licenses for the continuance of an existing project (relicensing); the investigation and assessment of headwater benefits; and the oversight of all ongoing project operations, including dam safety and security inspections, public safety and environmental monitoring. While the Commission’s responsibility under the FPA is to strike an appropriate balance among the many competing developmental and environmental interests, several other laws, statutes, and executive orders affect hydropower regulation. These include, but are not limited to, the National Environmental Policy Act (NEPA), Clean Water Act, Coastal Zone Management Act, Endangered Species Act, Fish and Wildlife Coordination Act, and National Historic Preservation Act.

**Electric**

Since 1935, the Commission has regulated certain electric industry activities under Part II of the FPA. Under FPA sections 205 and 206, the Commission ensures that the rates, terms and conditions of sales for resale of electric energy and transmission in interstate commerce by public utilities are just, reasonable, and not unduly discriminatory or preferential. Under FPA section 203, as amended by the Energy Policy Act of 2005 (EPAct 2005), the Commission reviews mergers and acquisitions, and certain other corporate transactions involving public utilities and public utility holding companies. Under FPA section 204, the Commission reviews the issuance of securities or assumptions of liabilities by certain public utilities subject to its jurisdiction.

Section 215 of the FPA provides for the establishment of a federal regulatory system of mandatory and enforceable electric reliability standards for the Nation’s bulk power system. The standards, developed by a Commission-certified ERO and approved by the Commission, apply to all users, owners, and operators of the bulk power system. The ERO operates within the 48 contiguous states and is under the direct oversight of the Commission. The Commission is ultimately responsible for the effective enforcement of the standards.

The Commission also has other electric regulatory responsibilities under portions of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Public Utility Holding Company Act of 2005 pertaining to qualifying facilities, exempt wholesale generators, and books and records access requirements. Under the Energy Independence and Security Act of 2007 (EISA), the Commission, along with the Department of Energy and National Institute of Standards and Technology (NIST), has a role to play in ensuring awareness, coordination, and integration of the federal government’s diverse activities related to smart grid technologies and practices.

The Commission also has limited authority over the siting of electric transmission facilities. Under section 216 of the FPA, the Commission is responsible, subject to certain conditions, for authorizing interstate electric transmission facilities that are proposed in National Interest Electric Transmission Corridors, designated by the Secretary of Energy.

The Commission's regulations apply primarily to investor-owned utilities. Government-owned utilities (e.g., Tennessee Valley Authority, federal power marketing agencies), state and municipal utilities, and most cooperatively-owned utilities are not subject to Commission regulation (with certain exceptions). Regulation of retail sales and local distribution of electricity are matters left to the states. In addition, the Commission does not have a role in authorizing the construction of new generation facilities (other than non-federal hydroelectric facilities) which is the responsibility of state and local governments.

**Natural Gas and Liquefied Natural Gas**

The Commission's role in regulating the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Under section 3 of the NGA, the Commission reviews the siting, construction, and operation of facilities to import and export natural gas, including liquefied natural gas (LNG) terminals. As part of its responsibility, the Commission conducts cryogenic design and technical review of the operational aspects of LNG facilities during the certificate process. Once a facility is constructed and operational, the Commission conducts safety, security and environmental inspections for the life of the facility.

Under section 7 of the NGA, the Commission issues certificates of public convenience and necessity for the construction and operation of interstate natural gas pipelines and storage facilities. FERC is also responsible for conducting compliance inspections of the natural gas pipelines and storage facilities during construction. Although the Commission does not have any jurisdiction over the safety or security of natural gas pipelines or storage facilities once they are in service, it actively works with other agencies with these responsibilities, most notably the Pipeline and Hazardous Materials Safety Administration of the Department of Transportation.

As required by NEPA, the Commission prepares environmental documents for proposed natural gas and LNG facilities and acts in conformance with other environmental statutes as appropriate, including the Endangered Species Act, National Historic Preservation Act, and Coastal Zone Management Act.

Under sections 4 and 5 of the NGA, the Commission oversees the rates, terms and conditions of certain sales for resale and transportation of natural gas in interstate commerce. The Commission is also responsible for determining fair and equitable rates for intrastate pipelines transporting or storing natural gas under section 311 of the Natural Gas Policy Act of 1978 (NGPA). The Commission's jurisdiction over sales for resale of natural gas is limited by the NGPA and the Natural Gas Wellhead Decontrol Act of 1989. Regulation of the production and gathering of natural gas, as well as retail sales and local distribution, are matters left to the states.

**Oil**

The Interstate Commerce Act (ICA) gives the Commission jurisdiction over the rates, terms and conditions of transportation services provided by interstate oil pipelines. The Commission has no authority over the construction of new oil pipelines or over other aspects of the industry such as production, refining or wholesale or retail sales of oil.

**Oversight and Enforcement**

Through the EPAct 2005, Congress granted the Commission enhanced authority to assess civil penalties for violations of the FPA, NGA, and NGPA. EPAct 2005 made three major changes to the Commission's civil penalty authority.

1. Congress expanded the Commission's FPA civil penalty authority to cover violations of any provision of Part II of the FPA, as well as of any rule or order issued there under.

2. Congress extended the Commission's civil penalty authority to cover violations of the NGA or any rule, regulation, restriction, condition, or order made or imposed by the Commission under NGA authority.

3. Congress established the maximum civil penalty the Commission may assess under the NGA, NGPA, or Part II of the FPA as $1,000,000 per violation for each day that it continues.

In addition, Congress expanded the scope of the criminal provisions of the FPA, NGA, and NGPA by increasing the maximum fines and increasing the maximum imprisonment time that apply when the Commission refers the case to the Department of Justice for criminal prosecution.

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# GOAL 1
# ENSURE JUST AND REASONABLE RATES, TERMS, AND CONDITIONS

**Ensure that rates, terms, and conditions of jurisdictional energy services are just, reasonable, and not unduly discriminatory or preferential.**

**Introduction**

Electricity, natural gas, and oil are vital resources that fuel economic activity and help to meet the nation's energy needs. Through the FPA, PURPA, NGA, and ICA, among other laws, Congress gave FERC authority to regulate the transmission and wholesale sale of electricity and natural gas in interstate commerce, and to regulate the transportation of oil by pipeline in interstate commerce. The Commission's responsibility in the exercise of this authority is to ensure that rates, terms, and conditions for wholesale sales and transmission of electric energy and natural gas in interstate commerce, as well as for transportation of oil by pipeline in interstate commerce, are just and reasonable and not unduly discriminatory or preferential. As part of this responsibility, the Commission balances the economic viability of energy suppliers with the protection of energy customers. Through these efforts, FERC ensures that consumers have reasonable access to the resources they need and that service providers are appropriately compensated. To achieve this goal, the Commission uses a range of ratemaking activities, including regulatory and market means, as well as market oversight and enforcement.

| **Strategic Goal and Objectives** (Dollars in thousands) | | **FY 2013 Actual** | **FY 2014 Estimate** | **FY 2015 Request** | **Percent Change FY 2014 to FY 2015** |
|---|---|---|---|---|---|
| Objective 1.1 | FTE | - | 546 | 546 | 0.0% |
| | Funding | - | $ 111,099 | $ 118,112 | 6.3% |
| Program Funding | | | 86,087 | 86,428 | 0.4% |
| Support Funding | | | 25,011 | 31,684 | 26.7% |
| Objective 1.2 | FTE | - | 155 | 155 | 0.0% |
| | Funding | - | $ 31,310 | $ 34,012 | 8.6% |
| Program Funding | | | 24,232 | 25,045 | 3.4% |
| Support Funding | | | 7,078 | 8,966 | 26.7% |
| **Total Goal 1** | **FTE** | **810** | **701** | **701** | **0.0%** |
| | **Funding** | **$ 157,790** | **$ 142,408** | **$ 152,124** | **6.8%** |

*Note: The table above reflects FYs 2014 and 2015 resources as aligned with the Commission's new FY 2014 - FY 2018 Strategic Plan. Resources in FY 2013 reflect the Commission's previous structure aligned with the Commission's FY 2009 – FY 2014 Strategic Plan and, therefore, resources are not reflected at the objective level since the previous goal and objective structure does not directly correlate to the new structure.*

## OBJECTIVE 1.1
## Establish Commission rules and policy that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

To establish rules and policies, FERC draws on both market and regulatory means. When competitive markets exist and there are assurances against the exercise of market power, FERC leverages competitive market forces to promote efficiency for consumers while taking measures to mitigate inappropriate or excessive market power. When competitive market conditions do not exist and competitive forces are inadequate to protect consumers, FERC relies on traditional rate-setting authority and tools such as cost-of-service ratemaking.

FERC determines the appropriate approach balancing two important interests: protecting consumers against excessive rates, and providing an opportunity for regulated entities to recover their costs and earn a reasonable return on their investments. Regardless of the approach, the Commission ensures that interested stakeholders have the opportunity to provide their views and that the Commission's ultimate decisions are adequately supported by the evidentiary record. These techniques produce just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions.

**Rate and Tariff Filings**

A significant portion of the Commission's work to establish just, reasonable, and not unduly discriminatory or preferential rate, terms and conditions of service is accomplished through the review of rates and tariff provisions and other requests for Commission action from regulated entities and interested stakeholders. All jurisdictional public utilities, natural gas pipelines, and oil pipelines are required to have their rates, terms and conditions on file with the Commission. The Commission must review proposed changes to filed rates, terms, and conditions and all comments filed in response before determining whether to accept, conditionally accept subject to modifications, or reject the proposed changes.

The Commission reviews applications for market-based rate authorizations for the sale for resale of electricity, capacity, or ancillary services by public utilities; for storage services provided by natural gas companies; and for transportation services provided by oil pipelines. The Commission also permits natural gas pipelines to charge negotiated rates, subject to the availability of a cost-based recourse rate. Also, the Commission may grant merchant transmission developers authorization to sell transmission services at negotiated rates under certain circumstances. The Commission grants market-based rate authorization where the ability to exercise market power either is not present or has been mitigated and where other conditions are met.

Public utilities, natural gas pipelines, and oil pipelines that have not been granted market-based rate authority must establish their rates using a cost-based rate structure. When reviewing cost-based rate proposals, the Commission considers the opportunity to recover investments in energy infrastructure and the fair allocation of costs among ratepayers.

From a broader geographic perspective within the electric industry, the Commission also regularly reviews proposals from regional transmission organizations (RTOs) and independent system operators (ISOs) to reform wholesale organized energy markets to ensure that the dynamics for buying, selling and transmitting energy are robust and working as intended and to promote operational efficiency in wholesale markets. In particular, the Commission engages the RTOs/ISOs and stakeholders to ensure that energy, capacity and ancillary services markets provide appropriate price signals, support market evolution, and provide appropriate opportunities to participate for all eligible resources, including emerging technologies.

Competition 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 costs. The

Commission also identifies and removes uneconomic barriers to efficient trading between regional markets, including both organized and bilateral markets.

In reviewing some filings, the Commission determines that a trial-type evidentiary hearing or other procedures are needed to bolster the factual record on which the Commission will base its decision. In these instances, the Commission recognizes the value of resolving issues through consensual means. Settling cases benefits energy consumers as it dramatically limits the time, expense, and resources that the Commission and outside parties would otherwise devote to litigating these cases. A settlement not only provides ratepayers reduced rates and refunds far more quickly than litigation, but also provides business certainty and facilitates the construction of needed infrastructure in a timelier manner than if the matter proceeded through the entire litigation process. Further, the resolution of a case through settlement is likely to be more acceptable to the parties than a litigated result, and therefore, reduces the likelihood of an appeal. During FY 2013, the Commission's administrative law judges (serving as settlement judges), Office of Administrative Litigation staff, and dispute resolution staff all played important roles in resolving matters without litigation.

In FYs 2014 and 2015, the Commission will continue to dedicate a significant amount of resources to this analysis because of the large number of rate and tariff filings received annually.

**Rate and Tariff Filings by Industry**

| | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Estimate | FY 2015 Estimate |
|---|---|---|---|---|---|
| **Electric** | 5,304 | 5,099 | 5,305 | 5,000 | 5,000 |
| **Gas** | 1,755 | 1,353 | 1,767 | 1,850 | 1,850 |
| **Oil** | 630 | 621 | 628 | 625 | 625 |

*Estimates are based on historical data and expected filings.*

**Electric Transmission Planning**

Although ownership of the interstate transmission grid is highly disaggregated, with more than 500 owners, transmission planning must be considered not only on a local basis, but also on a regional basis. To ensure that needed transmission is developed with the interests of all stakeholders in mind, the Commission requires that all public utility transmission providers establish and participate in open and transparent regional transmission planning processes. These processes aim to improve the coordination of transmission planning among utilities and to support the development of an efficient transmission system, facilitating competitive markets by reducing barriers to trade between markets and among regions.

Following an extensive rulemaking process, the Commission issued Order No. 1000 in July 2011, Order No. 1000-A in May 2012, and 1000-B in October 2012. This rulemaking was designed to correct deficiencies in transmission planning processes and to ensure that Commission-jurisdictional transmission services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Specifically, Order No. 1000 requires public utility transmission providers to improve transmission planning processes and allocate costs for new transmission facilities to beneficiaries of those facilities, thereby aligning transmission planning and cost allocation. The Order No. 1000 transmission planning reforms require each public utility transmission provider to participate in a regional transmission planning process that produces a regional transmission plan and provides for consideration of transmission needs driven by public policy requirements established by local, state or federal laws or regulations. Order No. 1000 also requires that each public utility transmission provider participate in a regional transmission planning process that has a regional cost allocation method that meets six cost allocation principles for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation. In addition, Order No. 1000 establishes interregional coordination and cost allocation requirements for public utility transmission providers in neighboring transmission planning regions. The rule also promotes competition in regional transmission planning processes by removing from Commission-approved tariffs and agreements a federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, subject to certain limitations.

Public utility transmission providers in all of the proposed Order No. 1000 transmission planning regions submitted their compliance filings addressing the Order No. 1000 regional requirements in FY 2013. Public utility transmission providers made compliance filings addressing Order No. 1000's interregional requirements by July 2013. In FY 2013, the Commission issued orders addressing all of the initial regional compliance filings and requiring further compliance filings. In FY 2014, the Commission plans to address the requests for rehearing of the orders addressing the initial regional compliance filings and the second round of regional compliance filings. In addition, the Commission will continue to review the compliance filings made to address the interregional requirements to ensure they meet the requirements of Order No. 1000.

**Electric Transmission and Open Access**

The Commission requires all public utilities that own, control or operate facilities used for transmitting electric energy in interstate commerce to file open access non-discriminatory transmission tariffs. Open access transmission tariff reform contributes to the Commission's goal of removing impediments to competition in the wholesale bulk power marketplace and bringing more efficient, lower cost power to the Nation's electricity consumers. The Commission will continue to evaluate and make improvements to the open access transmission tariff through FYs 2014 and 2015, as needed.

Increasingly, the Commission is asked to approve requests from prospective developers of transmission facilities based on non-traditional business models, including merchant transmission development. Commission staff held a workshop in February 2012 to seek input on potential reforms to the Commission's policies governing the allocation of capacity on merchant transmission projects and new cost-based participant-funded transmission projects. In April 2012, the Commission issued a Notice of Inquiry exploring whether its current policy concerning priority rights and open access with regard to certain interconnection facilities should be reformed. In July 2012, the Commission issued for comment a proposed policy statement which seeks to clarify and refine current policies governing the allocation of capacity for new merchant transmission projects and new non-incumbent, cost-based, participant-funded transmission projects. Based on comments received, the Commission issued a final policy statement in January 2013. In July 2013, the Commission received the first application for a merchant transmission project since the new policy statement was issued. The Commission will continue to evaluate its policies in FYs 2014 and 2015, including the area of third-party access to interconnection facilities.

**Capacity Markets**

The Commission has approved forward-looking, auction-based markets in the PJM Interconnection (PJM) and ISO New England regions to allow load-serving entities to procure adequate capacity to meet the long-term energy needs of consumers. In the region operated by the New York Independent System Operator, the Commission has approved a monthly auction-based capacity market. In other regions, including those operated by the California Independent System Operator (CAISO) and the Midcontinent Independent System Operator, Inc. (MISO), the Commission has approved alternative approaches to the mandatory forward-capacity procurement design. While CAISO does not have a capacity market, CAISO has a capacity procurement mechanism that it utilizes as a backstop mechanism to procure capacity to address a deficiency or supplement resource adequacy procurement by load serving entities, as needed, in order to maintain grid reliability. The staffs of CAISO and the California Public Utilities Commission are developing a joint reliability framework for requiring multi-year procurement of backstop power that will complement existing resource adequacy obligations. This effort will recommend the needed revisions to the California Public Utilities Commission resource adequacy program and the CAISO capacity procurement mechanism tariff provisions. In 2012, the Commission approved MISO's proposal to allow load serving entities to meet Planning Reserve Margin requirements for the next planning year either, or in combination, through: (i) participation in Local Resource Zone annual auctions; (ii) self-scheduling; or (iii) opting completely or partially out of the auction by demonstrating they have ownership or contracts for resources. Load serving entities that are capacity deficient and fail to cure the deficiency through purchases of capacity through bilateral contracts or the voluntary auctions are assessed financial penalties.

While the market mechanisms the Commission approves often vary in design, all are intended to provide the proper price signals to both retain existing efficient resources and encourage the entry of new resources in areas where they are needed to meet electric supply needs.

The Commission continually evaluates 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 August 2013, the Commission released a staff report on Centralized Capacity Market Design elements, and in September 2013, the Commission held a technical conference to explore these issues. In FYs 2014 and 2015, the Commission will continue to act on proposals regarding capacity markets.

**Wholesale Energy and Ancillary Services Market Rules**

The Commission reviews proposed market rules to ensure just and reasonable rates, terms, and conditions, and to maintain open access for diverse energy resources, including demand response, energy efficiency, and renewable energy sources. In FY 2014, the Commission will review wholesale energy and ancillary services market rules to ensure that they provide efficient price signals and incentivize performance for all eligible resources, including emerging technologies.

Ancillary services are necessary for the reliable and efficient transmission of electric power. These services, as defined in Order No. 888, include: Scheduling, System Control and Dispatch; Reactive Supply and Voltage Control from Generation Sources; Regulation and Frequency Response; and Energy Imbalance. As the energy mix changes in response to renewable energy portfolio requirements, there is a growing need for ancillary services to support grid functions and the integration of intermittent resources.

In October 2011, the Commission acted to ensure fair compensation for providers of frequency regulation, an ancillary service that balancing area authorities use to balance second-to-second deviations in supply and demand and ensure the reliability of their systems, by issuing Order No. 755, Frequency Regulation Compensation in Organized Wholesale Power Markets. Order No. 755 requires RTOs and ISOs to compensate frequency regulation resources based on the actual service provided. Commission staff held various discussions with the ISOs and RTOs on market design features and industry challenges in complying with this compensation methodology. In FYs 2012 and 2013, the Commission reviewed the tariff revisions filed by the RTOs and ISOs to comply with Order No. 755 and issued orders on these initial compliance filings with the exception of the last compliance filing received in June 2013. The Commission will continue to act on compliance filings in FY 2014.

In July 2013, the Commission issued Order No. 784, Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies, which aims to reduce unnecessary barriers for ancillary service providers wishing to make market-based rate sales to public utility transmission providers, and also provides for greater transparency in reserve requirements for Regulation and Frequency Response service. Order No. 784 also adopts reforms to the Commission's accounting and reporting regulations to better account for transactions with energy storage devices. Compliance filings are expected in FY 2014 and will be processed by the Commission in FYs 2014 and 2015.

In FY 2014, the Commission will work on the compliance filings submitted in response to Order No. 764 on the integration of variable resources. Based on its review of comments received during a multi-year rulemaking proceeding, the Commission in June 2012 issued a final rule implementing reforms to remove barriers to the integration of variable energy resources such as wind, solar and hydrokinetic generation. The final rule requires public utility transmission providers to offer intra-hourly transmission scheduling and requires interconnection customers whose generating facilities are variable energy resources to provide meteorological and forced outage data to the public utility transmission provider for the purpose of power production forecasting. The compliance filings to implement these reforms were filed in November 2013.

**Barriers to Efficient Trading Between Markets**

The Commission seeks to identify and remove barriers to efficient trading between regional markets to ensure that trades result in just and reasonable rates. To this end, the Commission in several proceedings is considering issues related to seams between organized wholesale energy markets. For example, at the June 2013 Commission meeting, PJM, MISO, the Organization of MISO States, the Organization of PJM States, and the independent Market Monitors of each RTO made presentations to the Commission on efforts to identify and address any barriers to trade between the PJM and MISO markets through the PJM/MISO Joint and Common Market process. At the meeting, the Commission encouraged PJM, MISO, and their stakeholders to develop an action plan for addressing any barriers to trade between the PJM and MISO markets. In September 2013, PJM and MISO submitted to the Commission a work plan developed with their stakeholders for addressing various initiatives to promote greater coordination of their market operations, through their Joint and Common Market process. In December 2013, the Commission issued an order addressing the proposed work plan. The Commission acknowledged the time and effort of the RTOs and their stakeholders and, recognizing the importance of the Joint and Common Market issues, directed staff to participate in the RTOs' Joint and Common Market meetings to aid the Commission in monitoring the RTOs' progress in addressing the initiatives. Another example of Commission consideration of such issues is found in several proceedings that involve the seam between MISO and the Southwest Power Pool.

**Coordination Between Wholesale and Retail Energy Markets**

The Commission strives to promote greater coordination between wholesale and retail energy markets. For example, the Commission has implemented interconnection procedures for small generators that serve as a model to states considering adoption of interconnection rules for retail distribution systems. In July 2012, Commission staff held a technical conference to gather information regarding potential reforms to its small generator interconnection procedures leading to issuance of a Notice of Proposed Rulemaking in January 2013. To facilitate discussion of the proposed reform among stakeholders, the Commission held a workshop in March 2013. In November 2013, the Commission assessed the comments received on this topic and issued Order No. 792, Small Generator Interconnection Agreements and Procedures.

**Gas-Electric Coordination**

Due to historically low natural gas prices, environmental considerations, and other factors, the electric industry has become increasingly reliant on natural gas as a fuel for generation. To explore the interdependencies of these industries, the Commission held five regional technical conferences in August 2012.

In November 2012, the Commission issued an order directing Commission staff to hold additional technical conferences on information sharing and communication issues between natural gas and electric entities and on natural gas and electric scheduling issues. Technical conferences were held in February and April 2013 on these issues. In July 2013, the Commission issued a Notice of Proposed Rulemaking to remove potential barriers to communication between interstate natural gas pipelines and electric transmission operators. In November 2013, the Commission issued Order No. 787, Communication of Operational Information Between Natural Gas and Electric Transmission Operators. In addition, the Commission will continue to explore gas-electric scheduling issues to determine if additional actions are appropriate. Staff has presented quarterly updates to the Commission on gas-electric coordination activities in March and June 2013 and will continue those reports through 2014. The RTOs made presentations at a special Commission meeting in May 2013 and at the October 2013 Commission meeting.

**Settlements and Trial-Type Evidentiary Hearings**

Trial-type evidentiary hearings and other procedures through which the Commission bolsters the factual record in certain proceedings are an important aspect of the Commission's commitment to ensuring that rates, terms, and conditions of jurisdictional service are just, reasonable, and not unduly discriminatory or preferential. In FY 2013, savings resulting from the Commission's settlement procedures were approximately $146 million in electric utility matters, $85 million in natural gas pipeline matters, and $25 million in oil pipeline matters. The bulk of these savings to energy customers will continue in future years, providing long-term benefits to ratepayers beyond just the savings that occurred in FY 2013. In FY 2013, proceedings that saw trial-type evidentiary hearings resulted in the issuance of 13 Initial Decisions and 9 Commission opinions or orders on Initial Decisions. In FYs 2014 and 2015, the Commission will continue to: (i) scrutinize rate and tariff filings to ensure that customers pay just and reasonable rates that ensure continued access to adequate energy supplies; (ii) actively encourage settlement of proceedings to secure prompt benefits for ratepayers, jurisdictional entities, and the Commission; and (iii) assure fair and thorough hearings of those cases that cannot be settled.

**Corporate Activities and Mergers**

The Commission also takes action to improve competitiveness in wholesale electric markets by preventing the accumulation and exercise of market power as it reviews proposed mergers, dispositions, and acquisitions, thereby ensuring that all such transactions are consistent with the public interest. The Commission ensures that the disposition, consolidation, or acquisition of jurisdictional facilities is in the public interest by reviewing each proposed transaction to determine its potential effect on rates, regulation, competition, and cross-subsidization.

The Commission will protect customers from affiliate abuse and guard against cross subsidization through oversight of public utility holding companies and by dealing with complex issues associated with ownership and control of utility assets.

**Smart Grid**

The Commission continues to encourage the efficient operation of the electric grid, which includes the development of a smart grid. The smart grid concept involves automating the electric grid by outfitting it with smart controls, and two-way communications systems. These technologies have the potential to reduce power consumption through demand response, and to improve grid reliability.

The EISA provides roles for NIST and the Commission with respect to development of smart grid interoperability standards.

Section 1305 of the EISA directs the Commission to determine if NIST's work in this area has led to sufficient consensus on smart grid interoperability standards and, if so, to initiate a rulemaking through which it may adopt standards and protocols developed by the NIST process to govern the implementation of smart grid technologies.

In FYs 2014 and 2015, the Commission will monitor the development of interoperability standards in the NIST framework process and evaluate standards as appropriate to determine whether there is sufficient consensus for adoption.

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## Performance Measures

**Percent of interchange flows that are uneconomic, representing market inefficiency.**

**Level of participation of stakeholders in regional transmission planning meetings.**

**Percent of cases set for hearing or settlement procedures that are resolved by settlements.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

## OBJECTIVE 1.2
## Increase compliance with FERC rules; detect and deter market manipulation.

Oversight and enforcement are essential tools for ensuring that rates, terms and conditions of service are just, reasonable, and not unduly discriminatory or preferential. Whereas regulatory and market means focus on establishing rules and policy, oversight and enforcement focus on increasing compliance of regulated entities and detecting and deterring market manipulation. The Commission's oversight and enforcement program takes proactive steps to detect problems in energy markets and to reduce the probability that violations of applicable laws, the Commission's regulations, or market rules will occur. FERC uses a balanced approach to oversight and enforcement efforts: conduct surveillance and analysis of market trends and data; promote internal compliance programs; employ robust audit and investigation programs; and, when appropriate, exercise the Commission's civil penalty authority to deter violations. FERC also makes market data transparent to the public and market participants so that market efficiency is promoted and anomalies and areas of concern may be identified and reported.

**Market Oversight**

Today's evolving natural gas and electric markets require increasingly sophisticated data collection and analysis for effective oversight. Both natural gas and electric energy are traded in a variety of ways in a variety of markets which range from extremely complex, requiring in-depth and time consuming data analysis, to relatively straightforward one-to-one interactions. The Commission examines and monitors many elements of the physical and financial energy markets including the structure, operations, and interaction between the natural gas and electric markets, among other things. This regular monitoring of energy markets is designed to maintain market intelligence to identify market anomalies, participant misbehavior, and to promote market efficiency.

*Market Monitoring and Surveillance*
On an ongoing basis, Commission staff accesses and synthesizes a large variety and quantity of data to review market fundamentals and identify emerging trends. Commission staff reviews this information and develops intelligence on market events as they occur. Analyses of market data also create the ability to identify market outcomes that cannot be readily explained by supply and demand fundamentals. The Commission examines such anomalies to determine, among other things, whether they are indications of market power, or possible fraud or manipulation.

In an effort to improve the Commission's ability to identify market misbehavior as it happens, Commission staff continues the use of algorithmic screening methods to identify inappropriate market participant activity. This expanded screening allows the Commission to incorporate data already generated in the markets to more acutely determine market health. To enhance this ability, the Commission collected detailed market-participant level activity data from the RTOs for the first full year in 2013, pursuant to Order No. 760. Also in 2013, a final rule (Order No. 773) was implemented that granted the Commission access on an ongoing and non-public basis, to all electronic tags (e-Tags). E-Tags are used to schedule electric power interchange transactions in wholesale markets and allow staff the ability to monitor the use of the interconnected grid. Incorporating these data in the analysis and surveillance of the jurisdictional markets will facilitate the Commission's development and evaluation of its policies and regulations and will enhance Commission efforts to detect anti-competitive or manipulative behavior, or ineffective market rules, thereby helping to ensure just and reasonable rates. Commission staff also performs detailed transaction analysis throughout the lifecycle of market manipulation investigations. This forensic analysis, which requires the assessment of millions of lines of sensitive data, allows the Commission to create a complete picture of the trading activities under review. Commission staff is also looking at the use of electric and natural gas market models that would aid in uncovering market participant behavior that may be of interest from an enforcement standpoint and will also aid the Commission in understanding market evolution and interplay. The models will help the Commission achieve the next level of providing robust market oversight and surveillance.

*Outreach and Communication*
Commission staff develops and presents its analyses, the annual State of the Markets Report, and seasonal assessments at the Commission's open meetings and subsequently posts this information on the Commission's website.

Commission staff also holds monthly conference calls with state energy officials to review developments in natural gas and power markets. Commission staff develops and posts on the Commission website various graphs and charts providing the public with easy access to market fundamentals. This process provides the public and state regulators access to and understanding of market information that they may not otherwise obtain and affords the Commission the opportunity to learn of relevant state-level developments.

**Audits**

The Commission will continue to use audits to act pre-emptively to identify and appropriately address areas of risk to non-compliance. The Commission conducts a variety of compliance audits including operational and financial audits. These audits are undertaken to ensure that jurisdictional companies comply with the Commission's authorizing statutes, orders, rules, and regulations. Also, audits of jurisdictional entities are performed to address accountability, transparency, and any other objectives and goals of the Commission. An increasing amount of audit staff time is devoted to reviewing jurisdictional entities' compliance programs and providing guidance on enhancing these programs. The Commission will continue to use a risk-based approach in the preparation of its annual audit plan to addresses areas of highest priority identified by the Commission.

In FY 2013, the Commission completed 29 audits of public utilities and natural gas pipelines. These audits resulted in 360 recommendations for corrective actions. The recommended corrective actions improve and strengthen jurisdictional companies' compliance programs. The major topic areas of the Commission's FY 2014 audits and those anticipated for FY 2015 include: transmission incentives, demand response, capacity markets, energy trading, market-based rates, formula rates, mergers and acquisitions, and gas tariffs.

*Compliance Reviews*
The Commission will continue its review of compliance programs as part of its audits program. Under this program, Commission staff conducts an overall review of the entity's approach to compliance to Commission rules and orders. Staff then examines the effectiveness of this program in the particular operational or financial areas within the scope of the audit. Commission staff will continue to provide feedback and recommendations to enhance such programs, as appropriate, to the regulated entities during the course of the audit. In addition, compliance programs will continue to be discussed in publicly available audit reports as appropriate.

*Outreach*
The Commission will stress the importance of having a robust compliance program at industry conferences, meetings, and speaking engagements and in the Commission's annual Report on Enforcement. The Commission will continue to engage in formal and informal outreach efforts to promote effective compliance programs and to examine compliance practices as a standard component of investigations.

As a result of these efforts, the Commission anticipates that it will find, through its audits, an increase in the number of entities that have implemented effective compliance practices and protocols that are reflective of a culture of compliance. The Commission further expects that this culture of compliance will lead to entities actively addressing and minimizing areas of systematic noncompliance. In support of these goals, the Commission will strive for prompt implementation of the recommendations in its reports.

**Accounting**

The Commission timely processes accounting filings and analyzes accounting matters in other filings submitted by regulated entities to ensure compliance with Commission accounting and related financial reporting regulations and to bolster the accuracy, transparency, and usefulness of accounting information for the Commission, regulated entities, and interested parties in the development of oversight rates. The Commission's accounting program is an instrumental component in ensuring that rates established for jurisdictional companies are just and reasonable and not unduly discriminatory or preferential. The program is designed to evaluate financial, market, and other information filed or reported to the Commission for compliance with the Commission's accounting rules. The accounting function also is engaged in, and informs the Commission of, emerging accounting issues that affect jurisdictional industries such as the Securities and Exchange Commission's pending decision to require International Financial Reporting Standards for U.S. companies.

*Outreach and Communication*
The Commission is also actively engaged in emerging accounting issues that affect jurisdictional industries such as the U.S. Securities and Exchange Commission's pending decision that may require U.S. companies to adopt International Financial Reporting Standards; improvements in the financial transparency of emerging technologies such as electrical energy storage assets; and the impacts of fracking on jurisdictional fuel delivery system infrastructure. The Chief Accountant and other Commission staff also regularly engage in informal meetings with representatives of the regulated industries to discuss relevant accounting topics and Commission actions. Additionally, topics of wide generic interest to the industries are highlighted in the Annual Enforcement Report to better inform them of areas of high risk of non-compliance that have been addressed by the Commission in the current fiscal year.

**Investigations**

In FYs 2014 and 2015, the Commission will continue to focus on the following investigation and enforcement priorities:[1]

- Fraud and market manipulation;
- Anticompetitive conduct;
- Serious violations of Reliability Standards; and
- Conduct that threatens the transparency of regulated markets.

Conduct involving fraud and market manipulation poses a significant threat to the markets overseen by the Commission and, therefore, to the Commission's efforts to provide for energy services at a reasonable cost. Further, anticompetitive conduct and behavior that threatens market transparency undermines the confidence that market participants and consumers have in the energy markets.

While many market participants act in good faith and observe the relevant rules and regulations, there are instances in which some participants engage in manipulative behavior or violate known requirements when it is in their economic interest to do so. When such instances are suspected or identified, the Commission conducts an investigation.

While investigations are non-public activities, the Commission provides guidance to the regulated community where possible, including in the annual Report on Enforcement. The Commission also has regular interactions with regulated entities, conducts outreach efforts, encourages companies to implement effective compliance programs,

[1] Investigations and enforcement of reliability standards is discussed in Goal 2, Objective 2: Infrastructure Safety, Security, and Reliability. This Strategic Objective is reserved for the oversight and enforcement related to Just and Reasonable Rates, Terms, and Conditions and associated Commission rules.

and releases reports of investigations of alleged fraud or manipulation, when appropriate. Moreover, if a violation is found after the non-public investigation, most matters become public through a public notice of alleged violations, an order approving settlement or an order to show cause. These actions, and the Commission's demonstrated willingness to impose civil penalties or other sanctions where circumstances warrant, act as a deterrent to fraud, market manipulation and other violations. During 2013, the Commission approved settlements of 17 investigation subjects and issued orders to show cause in several market manipulation matters. These FY 2013 settlements amounted to over $304 million in civil penalties and almost $141 million in disgorged unjust profits. One settlement in 2013 involved JP Morgan Ventures Energy Corporation, which paid a civil penalty and disgorgement of unjust profits totaling $410 million. Other significant settlements in FY 2013 involved Rumford Paper Company, which paid a civil penalty and disgorgement of $13 million; Gila River Power Company, LLC, which paid a civil penalty and disgorgement of $3 million; and DTE Gas Company and Washington 10 Storage Corporation, which together paid civil penalties and disgorgement of $3 million. Pursuant to the civil penalty authority granted by the EPAct 2005, Commission-assessed penalties have in total returned approximately $577 million in civil penalties to the US Treasury. Commission enforcement actions have also resulted in disgorgement of approximately $296 million in unjust profits.

In FY 2013, the Commission assessed civil penalties against Barclays Bank, PLC and some of its traders for engaging in market manipulation involving the trading of electricity contracts. The Commission also assessed civil penalties against Lincoln Paper and Tissue, LLC, Richard Silkman, and Competitive Energy Services, LLC, for market manipulation of a RTO's demand response program. These penalty assessment orders are under review in federal district court.

In FY 2013, Commission staff issued 12 notices of alleged violations, opened 24 new investigations while bringing 29 to closure with no action, a settlement, or a formal enforcement proceeding. Also in FY 2013, the Commission resolved an additional two investigations through settlement that had proceeded to orders to show cause in late FY 2012. The length of an investigation depends upon its nature and complexity; some close in a few months while others may be ongoing for multiple years. The Commission also continues to bring subpoena enforcement actions in Federal district court, when appropriate, against entities who do not comply with investigation requests.

*Enforcement Hotline*

The Commission operates an Enforcement Hotline whereby the public or industry participants can anonymously provide information to the Commission concerning potential regulatory violations, market anomalies, or market participant misconduct. In FY 2013, the Commission received 160 calls to the Enforcement Hotline, most of which resulted in prompt, informal resolution. However, two of these calls formed the basis for investigations opened in FY 2013.

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## Performance Measure

**Percentage of audit recommendations implemented within six months of issuance.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

# GOAL 2
# PROMOTE SAFE, RELIABLE, SECURE, AND EFFICIENT INFRASTRUCTURE

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

**Introduction**

The NGA and FPA, among other statutory authorities, charge FERC with the responsibility to promote the development of strong and secure energy infrastructure that operates safely, reliably, and efficiently. FERC authorizes the construction and operation of interstate natural gas pipelines and storage projects, LNG facilities, and non-federal hydropower projects. Other Commission responsibilities include ensuring the safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle; overseeing the development and review of, as well as compliance with, mandatory reliability and security standards for the bulk power system; and collaborating with regulated entities and other federal and state governmental agencies to identify and seek solutions to cyber and physical threats to FERC-jurisdictional infrastructure.

| **Strategic Goal and Objectives** (Dollars in thousands) | | **FY 2013 Actual** | **FY 2014 Estimate** | **FY 2015 Request** | **Percent Change FY 2014 to FY 2015** |
|---|---|---|---|---|---|
| Objective 2.1 | FTE | - | 249 | 249 | 0.0% |
| | Funding | - | $ 55,812 | $ 61,284 | 9.8% |
| Program Funding | | | 44,422 | 46,854 | 5.5% |
| Support Funding | | | 11,391 | 14,430 | 26.7% |
| Objective 2.2 | FTE | - | 252 | 252 | 0.0% |
| | Funding | - | $ 51,286 | $ 52,821 | 6.9% |
| Program Funding | | | 39,772 | 40,234 | 1.2% |
| Support Funding | | | 11,515 | 14,586 | 26.7% |
| **Total Goal 2** | **FTE** | **641** | **500** | **500** | **0.0%** |
| | **Funding** | **131,830** | **$ 107,099** | **$ 116,105** | **8.4%** |

*Note: The table above reflects FYs 2014 and 2015 resources as aligned with the Commission's new FY 2014 - FY 2018 Strategic Plan. Resources in FY 2013 reflect the Commission's previous structure aligned with the Commission's FY 2009 – FY 2014 Strategic Plan and, therefore, resources are not reflected at the objective level since the previous goal and objective structure does not directly correlate to the new structure.*

## OBJECTIVE 2.1
## Foster economic and environmental benefits for the nation through approval of natural gas and hydropower projects.

Demand for natural gas in the United States is at its highest levels on record, and natural gas production continues to increase due to the development of shale gas. Among its many uses, natural gas is a substantial and growing resource for electric power generation, in part due to the current low price of natural gas. The responsible development of interstate natural gas infrastructure—pipelines, storage, and LNG facilities—is a critical link in ensuring that natural gas supply can reach market areas.

Interest in developing hydropower projects has also increased, in part because hydropower offers the benefits of a renewable, domestic energy source that supports efficient, competitive electric markets by providing low-cost energy reserves and ancillary services. Hydropower projects may also provide other public benefits such as environmental protection and enhancement, water supply, irrigation, recreation and flood control.

**Natural Gas & LNG Programs**

*Pre-Filing & Applications*
As part of the natural gas pipeline certificate and LNG facility application process, the Commission reviews applications to ensure that the proposals are in the public interest. The established pre-filing process engages stakeholders in the identification and resolution of concerns prior to a company filing a certificate application with the Commission. Commission staff's participation and initiative in these efforts allows for the filing of more complete certificate applications. Once the application is filed, the Commission is committed to the expeditious completion of the required environmental review consistent with the NEPA. At the same time as the environmental review is occurring for natural gas pipeline applications, the Commission is also reviewing the application to establish initial recourse rates as well as to ensure that the proposed tariff complies with the Commission's policies and regulations. The Commission assesses applications for embedded accounting issues in pipeline construction, acquisition purchase, and abandonment transactions, and Commission staff will identify deficiencies in proposed accounting practices and will recommend appropriate corrective action. These accounting reviews in certificate filings provide greater certainty to pipelines by providing upfront guidance on accounting entries prior to the pipeline seeking formal Commission approval. Together, these activities enable more efficient and expeditious determination by the Commission.

In FY 2013, 73 percent of major pipeline projects used the voluntary pre-filing process.[2] Of the projects that used the pre-filing projects, all of the environmental documents were issued by Commission staff within eight months of determining the applications complete. During this same time, the Commission authorized 22 major natural gas pipeline projects which resulted in approximately 128 miles of additional pipeline and over 124,000 horsepower of mainline compression. Eleven storage projects were also authorized, resulting in approximately 55 billion cubic feet of working gas capacity and 51,000 horsepower of storage compression. As in FY 2012, many of the pipeline proposals approved in FY 2013 involved the development of projects overlying shale basins that increase the deliverability of existing pipeline systems. These expansion projects, such as pipeline looping and compressor station additions as well as short pipeline extensions, are designed to accommodate the increased production of multiple shale plays.[3] Largely as a result of this continuing trend, the Commission expects the number of natural gas pipeline project applications to increase in FY 2015.

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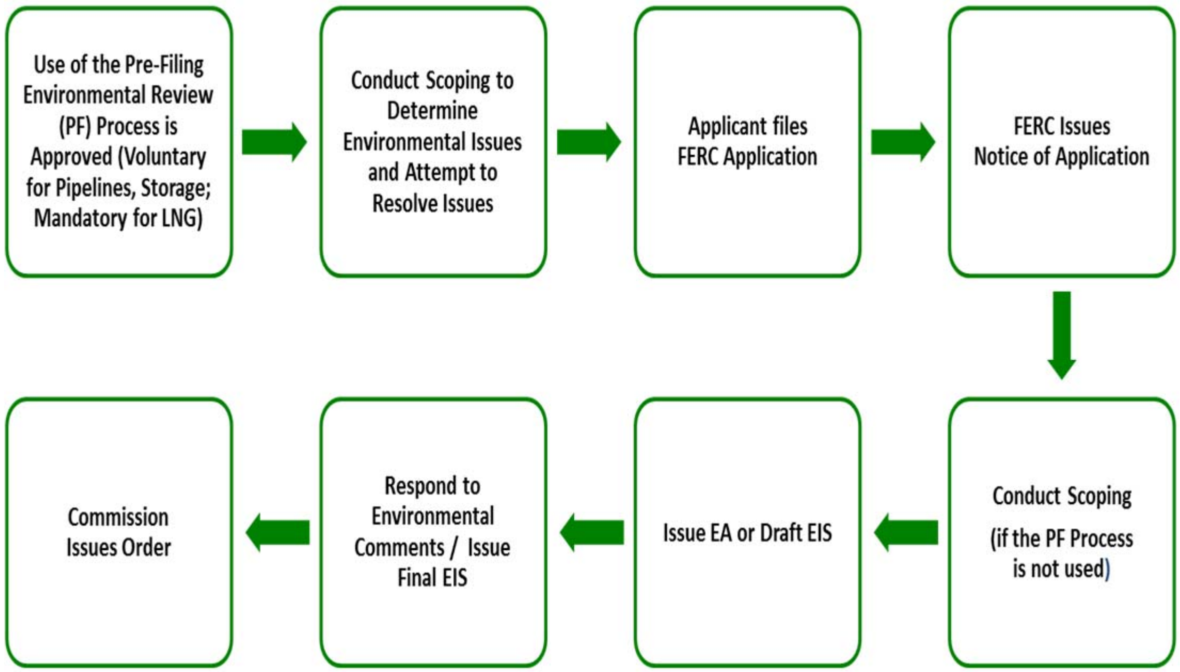
[2] Use of the pre-filing process is mandatory for LNG projects.

[3] Shale is a fine grained sedimentary rock which can contain natural gas. Hydraulic fracturing of this rock may release trapped natural gas that can be produced and shipped to consumers. Geologic formations containing shale gas occur throughout the country and are referred to as shale plays.

In FY 2013, the Commission conducted the pre-filing review of 12 LNG projects, consisting of both new LNG export terminals and modifications of existing LNG facilities. Six of those projects subsequently filed applications. In addition to other pending LNG projects, this resulted in the Commission's processing of 15 applications for new LNG terminals or modifications to existing LNG facilities. Based upon industry filings with the Department of Energy and industry information provided during pre-filing meetings with Commission staff, the Commission expects LNG export terminal applications to be under review by the Commission through FY 2015.

## Process for Natural Gas Certificates




*Outreach*

The Commission regularly conducts natural gas environmental training seminars to provide guidance and insight on the Commission's environmental review process and compliance-related matters. These sessions, which provide an opportunity for open dialogue between Commission staff and stakeholders, are attended by state, local and federal agency officials, natural gas company representatives, construction contractors, and consulting firm staff. These sessions provide information on the filing requirements for environmental reports, reporting requirements for blanket certificate projects, new regulations, overview of the Commission's baseline construction and mitigation measures, and more. The seminars are instrumental in developing the understanding of and successful adherence to the Commission-issued certificates and authorizations. In FY 2013, Commission staff conducted four training seminars and participated in several outreach sessions to natural gas companies and federal permitting agencies, addressing the Commission's certificate and environmental review processes. In FY 2015, the Commission proposes to conduct three seminars.

Commission staff has also continued to extend its outreach efforts to Native American tribes to enhance their participation in the Commission's environmental review process. In FY 2013, contacts were made with 167 tribes and meetings were held with two tribes.

*Alaska Natural Gas Pipeline Project*

The Commission has been fully engaged for several years in the pre-filing review of a proposal to construct and operate an Alaska natural gas pipeline, extending from the North Slope of Alaska to the Alaska-Canada border. In FY 2012, the project sponsor notified the Commission that it was deferring further development of its project option to Alberta while it investigated an option to build an LNG export supply line to south Alaska. To the extent that project proponents continue to pursue the proposed Alaska project subject to the Commission's jurisdiction, the Commission will continue to be involved in the pre-filing review until a certificate application is filed. Should an application be filed in FY 2014, the application review process will require up to four weeks of on-site work in Alaska by Commission staff in FY 2015.

*Task Force Participation*

Since August 2012, Commission staff has participated in two industry task forces with the American Petroleum Institute (API): API RP 1170 and API RP 1171. The purpose of the task force is to develop industry best practices recommendations for the design and construction of underground natural gas storage facilities. API RP 1170 will be a recommended best practices publication for the design of salt cavern natural gas storage facilities, and API RP 1171 will be a recommended best practices publication for the design of natural gas storage facilities in depleted hydrocarbon reservoirs and aquifers. These publications are expected to the released by the end of FY 2015.

**The Commission regulates over 1,600 non-federal hydroelectric projects at over 2,500 dams and impoundments. Together, these projects represent 53 gigawatts of hydroelectric capacity, more than half of all the hydropower in the United States.**

**Hydropower Program**

*Pre-Filing & Applications*

The pre-filing process typically begins three years prior to the filing of a license application.[4] Throughout this process, Commission staff will meet with stakeholders to develop study plans and ensure that the licensing proposal will be considered "complete" by the time the application is filed. The Commission anticipates processing 54 pre-filing applications in FY 2015. To process these pre-filing applications, the Commission expects its staff to attend 25 scoping and study plan meetings, and to participate in numerous tribal consultations.

Commission staff conducts NEPA environmental analyses for all filed license and small hydro exemption applications. The Commission is responsible for ensuring that the environmental document analyzes the project's effects on potentially affected resources, including geology and soils, aquatic resources (including water quality), terrestrial resources, threatened and endangered species, recreation, land use and aesthetic resources, cultural resources, and examines alternatives and makes recommendations for the protection, mitigation, and enhancement measures to be included in any license issued. In FY 2013, Commission staff issued 34 draft and final environmental documents and participated in 15 post-filing public meetings associated with its environmental analyses. Issuance performance measure targets were met on 22 of 23 final environmental documents. The Commission expects its staff to issue about 30 environmental documents and participate in 20 post-filing public meetings associated with its environmental analysis of applications in FY 2015.

In FY 2013, the Commission acted on 21 applications representing a total capacity of 3,200 megawatts. In FY 2013, the Commission received 25 license applications of which 17 were for original projects and the remaining eight

[4] A relicense application must be filed with the Commission no later than two years before the license expires.

were for projects with expiring licenses. In FY 2015, the Commission expects to receive 15 original applications due to a continued interest in developing new projects, and two relicense applications.

In addition to license applications, the Commission processes preliminary permit applications and monitors compliance with issued permits. A permit guarantees the holder "first-to-file" status for a particular site in cases where multiple applications are received by the Commission for a hydropower license. Permits also allow the holder to study a particular site for up to three years. A permit does not authorize construction, nor is it required to apply for, or receive, a license. In FY 2013, there were over 300 permits in effect.

The Hydropower Regulatory Efficiency Act of 2013 made a number of changes respecting the Commission's regulation of hydropower projects, such as directing the Commission to investigate the feasibility of a two-year licensing process for hydropower development at non-powered dams and closed-loop pump storage projects. Consistent with this directive, the Commission has solicited public opinion and developed criteria for identifying projects that may be appropriate for a two-year licensing process. In FY 2015, the Commission anticipates selecting and processing potential pilot project for a two-year process, as well as reporting to Congress on the results of these efforts.

*Outreach*

In the past several years, Commission staff has held workshops to assist licensees with specific issues. In FY 2013, staff held a Shoreline Management Workshop in Boise, Idaho which was attended by over 60 licensees from the entire country to discuss shoreline uses and management along the reservoirs. Staff also held recreation workshops in California and Wisconsin to assist licensees in completing the Commission's Licensed Hydropower Development Recreation Report (Form 80), which tracks recreational facilities and use at hydropower projects. These workshops also provide an opportunity to discuss innovations and trends in public recreation.

The Commission also regularly conducts hydropower licensing training sessions to provide guidance on how to obtain a license or exemption and how to effectively participate in the licensing and exemption processes. The sessions are typically attended by prospective licensees, federal and state natural resource agency personnel, Indian tribes, and members of the public, and cover such topics as what licensing process to use, when to file comments and recommendations for license or exemption conditions, and how to officially intervene in a license or exemption proceeding. In FY 2013, Commission staff conducted outreach sessions with Indian tribes, federal and state agencies, and hydropower industry personnel. These efforts are expected to increase in FY 2015 to prepare for an increasing relicensing workload beginning in FY 2016.

*Shoreline Management and Recreation*

Licensees may, with Commission approval, authorize specific uses and occupancies of the licensee-controlled lands along the project reservoir shoreline that are not related to hydroelectric power production or other project purposes. Examples of non-project uses include, but are not limited to: commercial marinas, private residential boat docks and marinas, shoreline erosion control structures, water withdrawal facilities, recreation facilities, utility lines, access roads, bridge crossings, and significant dredging activities. In FY 2013, Commission staff processed 57 applications for non-project uses of project lands, a decrease from the previous year due to poor economic conditions. Commission staff is seeing an increase in reconfigurations and improvements at existing facilities (35 of the 57 applications) and is also processing requests for changes/reductions to previously approved facilities due to economic hardships.

In order to ensure that licensees properly manage licensee-owned lakeshore lands, some licensees prepare and file shoreline management plans. A shoreline management plan is essentially a land use plan, in which a licensee, in consultation with stakeholders and subject to Commission approval, determines what types of development and environmental protection are appropriate on the licensee's shoreline lands. Typically, certain areas are reserved for public recreation; in others, uses consistent with residential and commercial development on adjacent, non-project lands are permitted; and some are restricted in order to protect environmental values. Not all projects require shoreline management plans; these plans are generally required where it appears that the project's shoreline may be subject to competing developmental pressures such that public access or environmental resources are at risk. It is important to note that a shoreline management plan is only applicable to lands owned or controlled by a licensee, and has no effect on privately-owned lands in which a licensee has no interest.

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## Performance Measure

**Percent of orders issued within established timeframes.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

## OBJECTIVE 2.2
## Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

In addition to reviewing applications and issuing orders with respect to construction, operation, and modification of natural gas facilities and non-federal hydropower facilities, FERC has other responsibilities concerning energy infrastructure subject to its jurisdiction. These responsibilities include ensuring the safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle; overseeing the development and review of, as well as compliance with, mandatory reliability and security standards for the bulk power system; and collaborating with regulated entities and other governmental agencies at the federal and state levels to identify and seek solutions to threats to FERC-jurisdictional infrastructure from cyber and physical attacks. Through these actions, FERC minimizes risks to the public associated with jurisdictional infrastructure.

**Safety Programs**

Failure of an LNG facility or a non-federal hydropower project can result in loss of life and significant environmental and economic consequences. To fulfill its responsibility for ensuring the safety of these facilities, FERC relies on physical inspections for detecting and preventing potential catastrophic structural failures, thereby protecting the public against the risk associated with such an event. FERC engineers are highly trained and work closely with local officials at all stages of project development and operation. Before projects are constructed, the designs, plans, and specifications of the proposed facility are reviewed and approved. Through regularly scheduled and comprehensive inspections during construction and operation, FERC engineers verify that dams and LNG facilities meet stipulated design criteria, identify necessary remedial modifications or required maintenance, and ensure compliance with requirements. This approach allows the Commission to ensure the safety of the public, as well as the continued operation of the facilities to meet the energy demands of the nation.

**Hydropower**

The Commission's dam safety program applies advances in technology to address the technical challenges presented by the national water resources infrastructure (much of which is aging) to ensure that jurisdictional Commission dams are safe. Before projects are constructed, the designs, plans, and specifications of the proposed facility are reviewed and approved. Through ongoing operations inspections, the Commission is able to verify that the dams meet current Commission dam safety criteria, identify necessary investigations, remedial modifications or required maintenance, and ensure compliance with license requirements. In FY 2015, the Commission expects to conduct approximately 2,200 inspections.

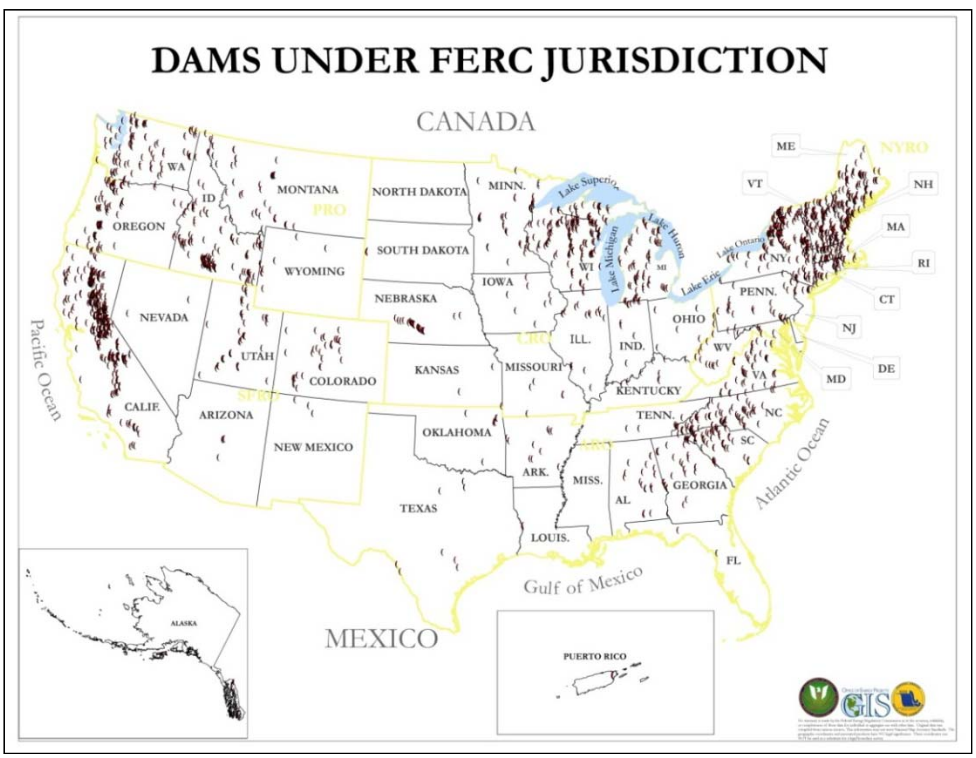
In addition to conducting inspections, the Commission's dam safety program includes other components to minimize risk to the public. Dam safety engineering guidelines are published to provide guidance to licensee- or consultant-conducted inspections and analyses. The guidelines include the procedures and criteria for the engineering evaluation and analysis of hydropower projects. The Commission's surveillance and monitoring component provides methods to better identify and solve dam safety issues and improves coordination, abilities, and trust among all stakeholders. Another component of the dam safety program is the emergency action plans (EAP), which are required for all jurisdictional dams. These plans require the development, maintenance, and periodic testing of project-specific plans, and they help ensure coordination and cooperation among the dam owners, state and local emergency management agencies, and the Commission.

The Commission also requires comprehensive inspections and engineering evaluations of the high and significant hazard potential dams by independent consultants every five years. All independent consultant inspection reports are thoroughly reviewed and evaluated by the Commission to determine whether additional studies are required or if remedial measures are necessary. The Commission reviews approximately 225 independent consultant reports each year to make certain the structural integrity of the jurisdictional dams is maintained or improved as appropriate. The Commission expects the number of independent consultant inspection report reviews to remain steady through FY 2015.

**The Frequency of Dam Inspections as Determined by its Hazard Potential Classification**

| Hazard Potential Classification | Possible Effects | Inspection Schedule |
|---|---|---|
| High | Loss of human life | Annually |
| Significant | Environmental and economic loss | Annually |
| Low | None Expected | Every 3 years |

Risk-informed decision making provides the capability to assess non-traditional failure modes, levelize risk across different loading conditions, focus inspections and surveillance on the specific potential failure modes and monitoring programs at projects, and guide remediation projects to provide an overall reduced level of risk to the public. FERC will continue to develop the necessary risk assessment guidelines, procedures and policies, and to train Commission staff, dam owners, and consultants in risk assessment procedures, methodologies and tools. Development of the guidelines and procedures will continue to be carried out in an open, collaborative process with representatives of the hydropower industry, including FERC-regulated licensees. These efforts will run parallel to the traditional dam safety inspections and together will ensure public safety.



**LNG**

The Commission's LNG program ensures the safety and reliability of proposed and operating LNG terminals in the United States through a comprehensive review process that includes working very closely with the U.S. Coast Guard, the Department of Transportation, the states, and local governments. This program ensures that approved LNG terminals and associated LNG vessel traffic meet safety and environmental requirements during construction and operation. The Commission can also independently impose safety requirements to ensure or enhance operational reliability of the LNG terminals.

The Commission is responsible for inspecting LNG facilities during construction and subsequently, during their operation, to ensure compliance with the safety and reliability requirements put into place by the Commission. While facilities are under construction, Commission engineers conduct inspections at least once every eight weeks. In FY 2013, six inspections were conducted at the one terminal expansion under construction. The number of construction and pre-operational inspections anticipated for FYs 2014 and 2015 is likely to be greater than FY 2013, but will ultimately be determined by market conditions, as well as the number of approved LNG export facilities that move forward with construction in the next 18 months.

Once in operation, jurisdictional peak-shaving plants are inspected once every other year and LNG import or export terminals are inspected once each year. In FY 2013, 17 operational inspections were conducted at six peak-shaving facilities and 11 LNG terminals. Through FYs 2014 and 2015, the number of operational inspections is expected to remain at 17.

**Reliability of the Bulk Power System**

EPAct 2005 amended the FPA to charge FERC with helping to ensure the reliability of the bulk power system. The Commission draws on the substantial experience of its staff, including electrical engineers with many years of experience in the utility industry, to facilitate the reliable and secure operation of the facilities and control systems that comprise the bulk power system. Commission staff analyze standards proposed by the ERO to determine whether those standards support the reliable operation of the grid. Once the standards are approved, the Commission oversees the enforcement of reliability standards which apply to all users, owners and operators of the bulk power system. The Commission also reviews major blackouts to determine whether standards were violated or should be changed to help prevent future blackouts. In addition, the Commission oversees audits, investigations, and proposed penalties of the ERO and the ERO regional representatives to help ensure that their efforts will result in strong compliance with mandatory standards. The Commission also communicates with various federal and state agencies, international entities and industry participants on emergency reliability and security issues.

The Commission will continue to encourage innovative approaches to system reliability and security that will improve the grid's ability to withstand and recover from abnormal events.

**Reliability Standards**

The Commission monitors and participates in the development of mandatory Reliability Standards for the North American bulk power system, primarily through regulatory oversight of the ERO and the eight Regional Entities.

The ERO, among other tasks, is responsible for proposing mandatory Reliability Standards and interpretations of approved standards for the Commission's review and approval. All Reliability Standards and interpretations must be submitted for Commission approval in order to become mandatory and enforceable in the continental United States.

The ERO develops these standards through an open and inclusive process that involves extensive negotiation, consultation and coordination among many stakeholders. The eight Regional Entities may also develop and propose regional Reliability Standards. The Commission does not have statutory authority to write Reliability Standards. However, Commission staff participates as observers in these processes. If the Commission does not approve a Reliability Standard or interpretation filed, it must remand the filing to the ERO for reconsideration. The Commission may direct the ERO to develop and submit a new or modified Reliability Standard on a specific matter.

One illustration of this process involves the ERO's cyber security, or Critical Infrastructure Protection (CIP), Reliability Standards. The Commission has previously approved the CIP Reliability Standards while concurrently directing modifications. As a result of the directives, the ERO has subsequently filed modifications to the approved CIP Reliability Standards. The Commission approved Version 5 of the CIP Reliability Standards, but also required certain additional modifications. Commission staff's oversight of the ERO's development of the additional modifications will be a substantial effort through FYs 2014 and 2015.

In early FY 2013, 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 Standards. The Commission also approved ERO rules of procedures for determining when certain types of electric components should be included or excluded under the bulk electric system definition. Commission staff's oversight of the subsequent filing of developed refinements to the definition, the ERO's response to Commission directives from the Final Rule approving the definition, as well as standard development projects initiated in consideration of the new definition, will be ongoing through FYs 2014 and 2015.

A review of bulk power system disturbances and events may necessitate development of a new Reliability Standard or modifications to the existing Standards. For example, during FY 2013 the Commission approved a Final Rule directing the ERO to develop a set of Reliability Standards to address the impact of geomagnetic disturbances (GMD) on the bulk power system. This is an example of the need to constantly evaluate and modify standards to ensure that they are adequate to address issues that negatively affect the reliability of the power grid – be it geomagnetic, weather, cyber, or other events. Commission staff's oversight of the phased standard development effort for GMD, as well as the processing of the subsequent filings, will be undertaken during FYs 2014 and 2015.

Also in early FY 2013, the Commission issued a Final Rule approving the ERO's proposed revisions to the Reliability Standard for Transmission Vegetation Management. This Standard was developed to effectively protect against vegetation-related transmission outages. In the Final Rule, the Commission directed the ERO to obtain empirical data through testing to be informative of the appropriate clearance distances between vegetation and transmission lines for various voltage ratings. Commission staff expects to participate in the effort through FY 2014.

In April 2013, the ERO submitted three revised Transmission Operations Standards, one revised Protection and Control Reliability Standard, and the retirement of nine currently-effective Reliability Standards. The Transmission Operations Reliability Standards address the reliability goal of ensuring that the transmission system is operating within appropriate limits. The ERO also submitted four revised Interconnection Reliability Operations and Coordination Standards. These Standards detail the responsibilities and authorities of a reliability coordinator. In November 2013, the Commission issued a proposed rulemaking to remand the ERO's proposed revisions to the Transmission Operations and Interconnection Reliability Operations and Coordination Standards. Commission staff's oversight of the ERO's efforts to address the concerns identified in the NOPR, as well as the processing of the subsequent filings, will be a substantial effort through FYs 2014 and 2015.

Also in FY 2013, the Commission issued a final rulemaking to retire 34 requirements within 19 Reliability Standards. In addition, the Commission withdrew 42 Commission directives for the ERO to develop modifications to Reliability Standards. The Commission directives to be retired have been addressed in some other manner, are redundant with another directive, or provide general guidance as opposed to a specific directive. In November 2013, the

Commission issued a Final Rule approving the retirement of the subject 34 requirements and withdrawal of the subject 19 Commission directives. This was a significant first step this fiscal year. The continuing review of Reliability Standard requirements that have little impact on the reliability of the bulk power system will be an ongoing effort through FYs 2014 and 2015.

When proposed Reliability Standards or interpretations are filed for review, it is important that the Commission analyze those filings and respond in a timely manner because Reliability Standards or interpretations become mandatory and enforceable only after Commission approval. In FY 2014, the Commission is committed to analyzing and processing proposed Reliability Standards in a timely manner by issuing orders for 80 percent of filed Reliability Standards within 18 months of the filing date. In FY 2013, the Commission exceeded its target of 80 percent by processing 100 percent of filed Reliability Standards within 18 months.

The Commission will continue to explore ways to improve the efficiency and effectiveness of the Reliability Standards development and implementation process. The Commission held a reliability technical conference in FY 2013 to improve communications and expectations with the electric industry and to prioritize Reliability Standards development.

**Reliability Enforcement**

The Commission monitors and participates in the enforcement of the Reliability Standards, primarily through its oversight of the ERO and Regional Entities. As part of that role, the Commission monitors the ERO's reports on the performance of the bulk power system from information gathered from the ERO, Regional Entities, and registered entities.

In addition, as part of its outreach effort in the compliance program, the Commission regularly provides guidance to the industry on both technical and process issues at numerous regional conferences with a goal of facilitating higher levels of bulk power system reliability. Similarly, Commission's staff routinely coordinates with the ERO regarding technical and process issues relating to event analyses, investigations, violations, and mitigation activities.

The Commission also fulfills its role by participating in selected Regional Entity-led compliance audits and investigations of users, owners and operators of the bulk power system. The Commission will also perform independent compliance audits and conduct independent or joint investigations or inquiries of significant blackouts, system disturbances, cyber security incidents, and other reliability and security issues, as warranted.

Rigorous audits and investigations of potential violations coupled with appropriate and adequate mitigation plans should lead to a culture of compliance, better reliability, and fewer blackouts or system disturbances, measured as the amount of lost megawatts in a given year resulting from bulk power system transmission-related events (unplanned disturbances), excluding weather-related outages.

The ERO is authorized to impose, after notice and opportunity for a hearing, penalties for violations of the Reliability Standards, subject to Commission review and approval. When the Regional Entities or the ERO identifies a violation of a Reliability Standard, whether through self-reports, audits, investigations, or complaints, the ERO submits a notice of penalty filing for Commission approval. The filing includes a record supporting a finding of a violation of one or more Reliability Standards, a proposed penalty, and a mitigation plan to remedy the violation(s) and prevent recurrence. In FY 2013, the ERO filed 12 spreadsheet notices of penalty addressing 575 violations, and 45 full notices of penalty addressing 520 violations (including CIP violations) of the Reliability Standards for review by the Commission.

In addition, in June 2013, the Commission accepted the ERO's compliance filing and report on the implementation of its Find, Fix, Track and Report (FFT) program, and approved certain proposed enhancements, subject to some conditions, including the ERO's proposal to expand the FFT program to include some moderate risk possible violations. In FY 2013, the FFT procedure was applied to resolve 796 possible violations.

**Energy Infrastructure Security**

Growing cyber and physical security threats, along with increasing automation and a rapidly changing energy supply mix, demand an agile and focused approach to energy infrastructure security. Amid these threats, the Commission coordinates with other government agencies and regulated entities to maintain awareness of threats, activities, and capabilities of adversaries that may initiate a cyber or physical attack on energy infrastructure within FERC's jurisdiction. The Commission's collaboration in this area with regulated entities provides an important complement to FERC's related responsibilities for both regulatory requirements and enforcement.

The Commission supports the development and encourages implementation of effective tools and techniques to enhance protection of jurisdictional infrastructure though the extensive technical expertise of its staff, which includes highly-skilled electrical engineers and computer scientists. Commission staff provides a unique perspective that draws on both decades of experience in regulating this infrastructure and extensive experience in grid operations. These contributions from the Commission reduce the risk of cyber and physical security threats to vital energy infrastructure. Finally, the Commission collaborates with government partners and industry to identify key facilities that present the greatest risk, helps guide security assessments, and proposes mitigation measures to protect jurisdictional energy infrastructure.

Moreover, it is important to understand the impact that individual facilities have on the resilience of critical infrastructure systems, as well as the risk of disruption to those systems from threats and vulnerabilities through cyber and physical attacks. To these ends, the Commission will use its modeling and assessment capabilities as appropriate in support of analyzing infrastructure threats and vulnerabilities to identify particularly critical equipment across the Commission's jurisdictional infrastructures. The Commission will conduct outreach to facility owners and operators to promote security improvements at those facilities. In coordination with these actions, Commission staff will proactively examine threats and potential vulnerabilities in the cyber and/or physical security posture of those facilities through onsite assessments. These assessments will better enable facility owners and operators to recognize current threats, potential attack vectors, potential counter measures and effective practices to minimize potential impacts and recovery time should a facility be compromised. In addition, the Commission will perform on-site security posture assessments to identify vulnerabilities, and convey threat information to industry owners and operators through secure briefings.

The Commission also will provide timely and effective security threat briefings and presentations in both classified and unclassified settings to our strategic partners, including state commissions who also have jurisdictional oversight of the energy infrastructure. The Commission will continue and build upon its commitment to these roles in FYs 2014 and 2015.

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## Performance Measures

**Percent of hydropower facilities that have approved dam safety programs.**

**Number of LNG facility recommendations implemented by established time frames.**

**The amount of lost megawatts in a given year resulting from bulk power system transmission-related events (unplanned disturbances), excluding weather-related outages.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

# GOAL 3
# MISSION SUPPORT THROUGH ORGANIZATIONAL EXCELLENCE

**Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.**

**Introduction**

The public interest is best served when the Commission operates in an efficient, responsive and transparent manner. The Commission achieves this operational state by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. The Commission's staff, while serving in different component offices, must work collaboratively and execute processes that work in concert with each other to produce the high quality results expected by the American people. In accomplishing this state, the Commission will use its resources efficiently, empower its employees, and earn the public trust. These essential outcomes are indicative of a model regulatory agency.

| Strategic Goal and Objectives (Dollars in thousands) | | FY 2013 Actual | FY 2014 Estimate | FY 2015 Request | Percent Change FY 2014 to FY 2015 |
|---|---|---|---|---|---|
| Objective 3.1 | FTE | - | 155 | 155 | 0.0% |
| | Funding | - | $ 29,290 | $ 31,444 | 7.4% |
| Program Funding | | | 22,198 | 22,461 | 1.2% |
| Support Funding | | | 7,092 | 8,984 | 26.7% |
| Objective 3.2 | FTE | - | 60 | 60 | 0.0% |
| | Funding | - | $ 13,023 | $ 13,922 | 6.9% |
| Program Funding | | | 10,289 | 10,460 | 1.7% |
| Support Funding | | | 2,733 | 3,462 | 26.7% |
| Objective 3.3 | FTE | - | 64 | 64 | 0.0% |
| | Funding | - | $ 12,781 | $ 13,682 | 7.0% |
| Program Funding | | | 9,842 | 9,958 | 1.2% |
| Support Funding | | | 2,939 | 3,723 | 26.7% |
| **Total Goal 3** | **FTE** | **-** | **279** | **279** | **0.0%** |
| | **Funding** | **-** | **$ 55,094** | **$ 59,049** | **7.4%** |

*Note: The table above reflects FYs 2014 and 2015 resources as aligned with the Commission's new FY 2014 - FY 2018 Strategic Plan. Resources in FY 2013 reflect the Commission's previous structure aligned with the Commission's FY 2009 – FY 2014 Strategic Plan and, therefore, resources are not reflected at the objective level since the previous goal and objective structure does not directly correlate to the new structure.*

## OBJECTIVE 3.1
## Manage Commission resources effectively and efficiently.

The Commission continues to prioritize resource allocations and make prudent investments in relation to specific program activities and challenges, and these investments are expected to yield returns that directly benefit the agency's mission. Additionally, Federal statues require the Commission to recover its operating costs from the entities it regulates. The Commission must do this in a manner that avoids unnecessarily increasing the cost of energy to consumers. Given these considerations, the Commission must be steadfast in its commitment to use its resources in an effective and efficient manner. In meeting this commitment, the Commission is making new investments in its human capital, IT resources, and physical infrastructure. These investments will facilitate mission accomplishment while providing measurable efficiencies in future operating cycles. The following projects and initiatives detail the types of investments FERC is planning to make.

**Human Capital Management**

In FY 2012, the Commission began implementing mitigation strategies to account for the potential loss of approximately 30 percent of its staff to retirement by FY 2018. The agency continues to focus its human capital efforts on the competencies and positions most affected by attrition of this type. It will continue to aggressively recruit and hire human resources to fill the void left by separating employees. The Commission will focus on the execution of its hiring processes to ensure it maximizes allocated financial resources in a timely fashion.

**eLibrary Upgrade**

The Commission uses a suite of hardware and software called eLibrary that functions as the system of record for all FERC-issued orders, industry fillings, and public comments. This system is used by all Commission staff and is the single entry point for the public to access docketed information. The system was put into production over 10 years ago and is no longer optimal for the Commission's IT infrastructure. Accordingly, the eLibrary system must be replaced with a modern document management system in order to meet its on-going business support functions. In FY 2014, the Commission will procure and begin the implementation of the new eLibrary system. This implementation effort will extend into FY 2015. This modernization effort will be the first in a series of upgrades to workflow and other document processing systems that work in concert with the eLibrary application. Planning and acquisition efforts for these additional upgrades will commence in FY 2014 and carry forward into FY 2015.

**Cloud First**

In February 2011, the federal CIO issued a technical strategy for IT projects that require federal IT organizations to consider cloud technologies, where possible, when planning and designing new IT systems. In FY 2014, the Commission will finalize implementation of a cloud e-mail solution.

Prospectively, the Commission will continue to promote a Federal Cloud First strategy by initiating pilots for the implementation of cloud-based processing and storage infrastructure. The Commission will balance its financial and security needs to find appropriate solutions that will take it into the next few years. It is the Commission's expectation that these pilots will assist in the design of solutions that will ultimately decrease the costs associated with maintaining its technology environment.

**Headquarters Consolidation**

With GSA's lease of the Commission's 888 First Street Headquarters building set to expire in September 2015, the Commission and GSA are partnered in extensive efforts to achieve a mutually beneficial outcome. Congress is currently reviewing the Prospectus, which gives GSA the authority to execute the 10-year renewal option on the

Commission's Headquarters building. Upon Congressional approval of the Prospectus and related funding, the Commission will execute this consolidation project pursuant to current GSA space use policy. In the Prospectus, GSA and the Commission outline a plan to consolidate its occupancy within the Commission's Headquarters building by vacating approximately 52,000 square feet (i.e. 12 percent of existing occupancy), which would include relocating employees currently located at 1100 First Street back to the Commission's Headquarters building.

This building consolidation will require considerable effort beginning in FY 2014 with planning and design and extensive construction of the headquarters building beginning in FY 2016, with a target of completion during FY 2020. The consolidation project is estimated to cost approximately $44 million. The Commission is required to fund approximately $20.3 million in FY 2015. The initial funding will cover initial project requirements associated with basic construction costs, such as planning, design, demolition and reconstruction. It will also cover contractor support necessary to reconfigure the Commission's office space in a manner that meets the reduction goals by the end of the project schedule.

While achieving the required space reductions, the Commission will take the opportunity to modernize the floor configurations to a more open environment that will enhance natural light throughout the space and provide for optimal design flexibility. We will also create a design process that includes input from employees to balance the new mandatory space policy limitations with business support requirements necessary to effectively perform the agency's work.

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## Performance Measures

- **Average hiring cycle time.**
- **Percent reduction in targeted information technology costs.**
- **Time and cost of building modernization effort relative to established schedule and budget.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

## OBJECTIVE 3.2
## Empower Commission employees to drive success.

Commission employees are directly responsible for achieving FERC's mission. On an annual basis, the Commission allocates over two-thirds of its budget to directly cover the compensation costs of its employees. Given this significant investment, the Commission places extremely high value on its employees and is focused on ensuring their success. The Commission seeks to become an employer of choice for individuals who can contribute a diverse set of needed skills. With this objective in mind, the Commission recognizes that a model regulatory organization must ensure that its employees are equipped with the requisite tools and services they need to accomplish the mission.

**Competency-Based Training Program and Corporate Knowledge Management Approach**

The Commission will heavily invest in succession and knowledge management activities to ensure the agency equips employees with the requisite knowledge to meet strategic demands going forward. It will develop a competency-based training program to mitigate knowledge management risks associated with 30 percent of the agency's workforce being eligible for retirement in the next five years. In FY 2015, the agency will assess training needs associated with its most populous occupations and develop associated curriculums. Upon developing these specialized courses, the Commission will deliver this instruction through its automated Learning Management System and other collaborative tools. With regard to knowledge management activities, the Commission will develop a uniform approach which will seek to preserve corporate information and make it accessible to all Commission employees. These delivery mechanisms can provide training to Commission employees in a cost-effective and easily repeatable fashion. Such a strategy will ensure employees possess the specialized skills and knowledge required to successfully support the agency's mission.

**Federal Employee Viewpoint Survey (FEVS) and Other Employee Outreach Activities**

It is imperative that the Commission is fully aware of employees' most critical needs and this knowledge will ensure that the agency adequately empowers its employees to meet their mission responsibilities. To this end, the Commission will utilize results from the annual FEVS to assess employee perceptions relative to performance management. The Commission will also conduct other employee outreach activities to gauge the effectiveness of its employee-related process and services. The agency will develop action plans to address any areas not favorably rated and take corrective action to improve processes and services that impact related employee perceptions.

**FERC Remote Work Capability**

In FY 2012, the Commission revised its existing telework policy to incorporate provisions of the Telework Enhancement Act of 2010. In order to fully implement this mandate and support an increasingly mobile workforce, the Commission has initiated several efforts, including conversions to laptops as standard government issued equipment; implementation of logistical access using personal identification verification (PIV) cards; implementation of federated single sign-on; instantiation of teleconferencing technology and services; and the piloting of virtual desktops. The Commission's goal is to enable its users to communicate and work seamlessly regardless of location or device. These efforts are currently ongoing through a phased approach with anticipated completion in FY 2015.

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## Performance Measures

**Percent of milestones that are met in the deployment of a competency-based training program using automated tools.**

**Favorability ratings regarding employee satisfaction with performance management and the adequacy of mission support resources.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

## OBJECTIVE 3.3
## Facilitate public trust and understanding of Commission activities by promoting transparency, open communication, and a high standard of ethics.

Facilitating understanding of how the Commission carries out its responsibilities and maintaining public trust in the Commission are important components of the Commission's commitment to organizational excellence. Trust and understanding increase acceptance of FERC decisions and reduces the potential for contentiousness toward FERC rules and regulations, thus enabling the creation and enforcement of policy. The Commission advances this objective by promoting transparency and open communication with respect to conduct of the Commission's business, thereby increasing awareness and understanding of the Commission's activities. The Commission furthers this objective by cultivating relationships with sister government agencies and stakeholder groups, which supports understanding of Commission procedures and actions. The Commission also promotes a high standard of ethics, which encourages public confidence in the Commission's activities and ability to fulfill its responsibilities.

Commission staff is highly interactive and responsive to its stakeholders. For example, communicating with Congress on the Commission's actions is an important priority. Additionally, the Commission responds in a timely and transparent manner to all Congressional inquiries.

Through the use of the Commission's eLibrary and eSubscriptions web pages, the public can obtain extensive information concerning documents both submitted to and issued by the Commission. FERC seeks to ensure that all filings and Off-the-Record Communication (*Ex Parte*) submitted to and from the Commission are publicly noticed timely and accurately. The Commission continues to make the maintenance and implementation of effective filing procedures a high priority, therefore, the timely processing of incoming documents ensures the information is channeled to Commission staff for prompt review and action. As a result, timely and accurate Commission issuances, such as notices, orders, and major rules, continue to promote the flow of information through all levels of the agency and to all interested parties.

Furthermore, since the start of the Commission's social media efforts in FY 2011, including Facebook, Twitter and Flickr, the number of users and followers has tripled. In addition to following the Commission's postings, thousands of people and institutions are reposting Commission information to other websites, which further increases awareness and understanding of the Commission's activities. In FY 2014, the Commission will advance its use of Flickr to share official photos from FERC's public hearings and other official activities. In FY 2015, the Commission expects to have advanced tracking software that will monitor and measure the effectiveness and reach of its social media.

In addition, the Commission's ethics program aims to promote the highest standards of ethical conduct by determining whether employees' activities conform to statutes and regulations that set standards of conduct for federal employees. The Commission continues to utilize innovative annual ethics training, which has been recognized repeatedly for excellence among government agencies. To promote transparency and public confidence in the Commission's programs, Commission staff responds to requests under the Freedom of Information Act, 5 U.S.C. § 552. The Commission seeks to issue responses to 85 percent of such requests within the statutory time frame of 20 business days, excluding statutory extensions.

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## Performance Measure

**Percent of Commission filings and issuances that are disseminated to the public within established timeframes.**

*NOTE: This reflects the new performance measures in line with the FY 2014 - FY 2018 FERC Strategic Plan. For more information on the FY 2012 - FY 2014 performance measures and annual targets, see Appendix A.*

# APPENDIX A
# HISTORICAL PERFORMANCE MEASURES AND ANNUAL TARGETS
# FY 2012 – FY 2014

The Commission updated its Strategic Plan in FY 2014 for FY 2014 – FY 2018. The Commission continues to track against the FY 2014 targets, while also using FY 2014 as a baseline year for the new performance measures outlined in the FY 2014 - FY 2018 FERC Strategic Plan. The new performance measures are highlighted at the end of each objective throughout FERC's FY 2015 Congressional Performance Budget Request. For more information on the new performance measures, please reference the FERC Strategic Plan at www.ferc.gov.

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

| Performance Measure 1 | |
|---|---|
| **Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated.** | |
| FY 2012 TARGET | As appropriate, issue Final Rule on further steps to eliminate barriers to demand resources. |
| FY 2012 RESULT | 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 TARGET | Implement Final Rule as appropriate |
| FY 2013 RESULT | 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). |
| FY 2014 TARGET | Monitor implementation and performance. Evaluate performance and seek changes as necessary |

| Performance Measure 2 | |
|---|---|
| **Best practices for demand response products and procedures will be explored and, as appropriate, implemented in organized wholesale electric markets.** | |
| FY 2012 TARGET | Implement Final Rule as appropriate |
| FY 2012 RESULT | 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.<br><br>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 TARGET | Monitor implementation and performance |
| FY 2013 RESULT | 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.<br><br>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. |
| FY 2014 TARGET | Evaluate performance and seek changes as necessary |

| Performance Measure 3 | |
|---|---|
| **All resources that are technically capable of providing needed ancillary services will have the opportunity to provide those services.** | |
| FY 2012 TARGET | Implement Final Rule as appropriate |
| FY 2012 RESULT | 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.<br><br>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. |
| FY 2013 TARGET | Monitor implementation and performance |
| FY 2013 RESULT | 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.<br><br>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. |
| FY 2014 TARGET | Evaluate performance and seek changes as necessary |

| Performance Measure 4 | |
|---|---|
| **Market reforms which will allow renewable resources to compete fairly will be explored and, as appropriate, implemented in Commission-jurisdictional markets.** | |
| FY 2012 TARGET | Issue Final Rule on market reforms, if appropriate |
| FY 2012 RESULT | Target Met. On June 21, 2012, the Commission issued Order No. 764, Integration of Variable Energy Resources.<br><br>The Commission also issued a notice of inquiry on Open Access and Priority Rights on Interconnection Facilities on April 19, 2012. |
| FY 2013 TARGET | Monitor implementation and performance |
| FY 2013 RESULT | 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.<br><br>The Commission also extended the deadline for submission of compliance filings from September 11, 2013 to November 12, 2013. |
| FY 2014 TARGET | Evaluate performance and seek changes as necessary |

| Performance Measure 5 | |
|---|---|
| **Efficiency in market operations will be enhanced through deployment of new software and optimization of hardware.** | |
| FY 2012 TARGET | Follow-up workshops on best practices implementation; issue Final Rule, if relevant |
| FY 2012 RESULT | Target Met. On March 20, 2012, a workshop on best practices in software planning modeling was held.<br><br>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 TARGET | Monitor implementation and performance |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | Evaluate performance and seek changes as necessary |

| Performance Measure 6[5] | |
|---|---|
| **The performance of markets within and outside of ISOs/RTOs will be measured using a common set of metrics.** | |
| FY 2012 TARGET | Explore and develop appropriate operational and financial metrics for non-ISO/ RTO regions |
| FY 2012 RESULT | 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 TARGET | Establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | Monitor implementation and performance |

| Performance Measure 7[6] | |
|---|---|
| **Appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.** | |
| FY 2012 TARGET | Implement rules setting forth guidelines/tariff provisions and initiate pilot programs |
| FY 2012 RESULT | 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. |

[5] The FYs 2012 - 2014 Performance Targets reflect adjustments made to the Commission's Strategic Plan as allowed by the GPRA Modernization Act of 2010.
[6] The FYs 2012 - 2014 Performance Targets reflect adjustments made to the Commission's Strategic Plan as allowed by the GPRA Modernization Act of 2010.

| Performance Measure 8 | |
|---|---|
| **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.** | |
| FY 2012 TARGET | 40% |
| FY 2012 RESULT | Target Met. The Commission found that 67% (8 of 12) compliance programs were adequate to demonstrate a culture of compliance. |
| FY 2013 TARGET | 55% |
| FY 2013 RESULT | Target Met. 90% (18 out of 20) of compliance programs found to be adequate to demonstrate a culture of compliance. |
| FY 2014 TARGET | 70% |

| Performance Measure 9 | |
|---|---|
| **Percent of company compliance programs reviewed through investigations that involve a penalty are found to be sufficiently robust to merit credit to reduce the penalty.** | |
| FY 2012 TARGET | 40% |
| FY 2012 RESULT | 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 TARGET | 55% |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | 70% |

| Performance Measure 10 | |
|---|---|
| **Percentage of audits included in the audit plan planned based on risk.** | |
| FY 2012 TARGET | 80% |
| FY 2012 RESULT | Target Met. 88% (43 of 49) of the audits were planned by the Commission staff using a risk-based approach. |
| FY 2013 TARGET | 80% |
| FY 2013 RESULT | Target Met. 98% (47 out of 48) of audits planned using a risk-based approach. |
| FY 2014 TARGET | 80% |

## Goal 2: Infrastructure

| Performance Measure 11 | |
|---|---|
| **Percentage of all new transmission projects will incorporate advanced technologies that meet Commission criteria.** | |
| FY 2012 TARGET | 20% |
| FY 2012 RESULT | Target met. Of the projects that met the criteria, 68% (17 projects) incorporated advanced technologies. |
| FY 2013 TARGET | 35% |
| FY 2013 RESULT | Target Met. Of the 25 projects that met the criteria, 16 (64%) incorporated advanced technologies. |
| FY 2014 TARGET | 50% |

| Performance Measure 12 | |
|---|---|
| **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 TARGET | Implement Final Rule as appropriate |
| FY 2012 RESULT | Target Met. The Commission in Order No. 1000 (issued on July 21, 2011) 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.<br><br>In addition, Order 1000-A, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities (Order on Rehearing & Clarification) was issued on May 17, 2012. |
| FY 2013 TARGET | Monitor implementation and performance |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | Evaluate performance and seek changes as necessary |

| Performance Measure 13 | |
|---|---|
| **Percent of jurisdictional natural gas companies examined for feasibility of installing waste heat recovery systems.** | |
| FY 2012 TARGET | 60% |
| FY 2012 RESULT | 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 TARGET | 80% |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | 100% |

| Performance Measure 14 | |
|---|---|
| **Incorporation of risk-informed decision making (RIDM) into the dam safety program.** | |
| FY 2012 TARGET | Determine RIDM is consistent with regulatory process |
| FY 2012 RESULT | 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 TARGET | Finalize policy and technical guidelines |
| FY 2013 RESULT | 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. |
| FY 2014 TARGET | Fully incorporate RIDM into the dam safety program |

| Performance Measure 15 | |
|---|---|
| **Percentage of proposed Reliability Standards on which the Commission will issue a Final Rule within 18 months of filing.** | |
| FY 2012 TARGET | 75% |
| FY 2012 RESULT | Target Met. 100% of filed reliability standards (including regional and CIP standards) have been processed with orders issued within 18 months. |
| FY 2013 TARGET | 80% |
| FY 2013 RESULT | Target Met. 100% of filed reliability standards have orders issued within 18 months (includes regional and Critical Infrastructure Protection (CIP) standards). |
| FY 2014 TARGET | 80% |

| Performance Measure 16 | |
|---|---|
| **Reduction in the number of repeat violations by an audited or investigated entity, particularly of Reliability Standards involving high Violation Risk Factors.** | |
| FY 2012 TARGET | Track violations per entity |
| FY 2012 RESULT | 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 TARGET | Identify number of repeat violations using NOPs |
| FY 2013 RESULT | Target Met. The Commission developed a report, tracking and analyzing repeat violations. |
| FY 2014 TARGET | Decrease repeat violations by 10% |

| Performance Measure 17 | |
|---|---|
| **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.** | |
| FY 2012 TARGET | Track studies and identify or propose reliability parameters. Perform expanded analysis to assess if they are feasible for the bulk power system |
| FY 2012 RESULT | 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 TARGET | Present analysis to industry |
| FY 2013 RESULT | Target Met. The Commission received and reviewed industry comments in response to the Commission-issued report on Frequency Response. |
| FY 2014 TARGET | Consider industry input and finalize the parameters |

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# APPENDIX B
## WORKLOAD TABLES

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Pipeline Certificates** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Construction Activity | 40 | 61 | 49 | 52 | 120 | 120 | 52 | 120 | 120 | 52 |
| Prior Notice & Abandonments | 27 | 70 | 77 | 20 | 100 | 100 | 20 | 100 | 100 | 20 |
| Compliance Filings & Reports | 232 | 380 | 612 | 0 | 380 | 380 | 0 | 380 | 380 | 0 |
| Environmental Analysis | 59 | 157 | 186 | 30 | 160 | 160 | 30 | 160 | 160 | 30 |
| Compliance & Safety Inspections | 0 | 371 | 371 | 0 | 400 | 400 | 0 | 400 | 400 | 0 |
| LNG Inspections | 0 | 17 | 17 | 0 | 18 | 18 | 0 | 17 | 17 | 0 |
| Rehearings | 13 | 29 | 26 | 16 | 20 | 20 | 16 | 20 | 20 | 16 |
| Complaints | 1 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 | 1 |
| Declaratory Orders | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 2 | 2 | 1 |
| Remands | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dispute Resolution Services | 13 | 33 | 44 | 2 | 40 | 40 | 2 | 45 | 42 | 5 |

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Hydropower Licensing** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Original Licenses | 32 | 17 | 9 | 40 | 10 | 15 | 35 | 10 | 15 | 30 |
| Relicenses | 55 | 10 | 8 | 57 | 11 | 17 | 51 | 2 | 15 | 38 |
| 5 MW Exemptions | 5 | 0 | 4 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Preliminary Permits | 93 | 112 | 130 | 75 | 75 | 125 | 25 | 50 | 50 | 25 |
| Rehearings | 1 | 25 | 26 | 0 | 25 | 23 | 2 | 25 | 23 | 4 |
| Declaratory Orders | 2 | 9 | 9 | 2 | 1 | 1 | 2 | 1 | 1 | 2 |
| Remands | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cases Set for Hearing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dispute Resolution Services | 1 | 1 | 1 | 1 | 2 | 1 | 2 | 2 | 2 | 2 |

Key: P = Pending at year-end; R = Received; C = Completed

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Project Compliance and** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Amendments | 506 | 2,742 | 2,741 | 507 | 2,600 | 2,650 | 457 | 2,700 | 2,750 | 407 |
| Jurisdiction | 7 | 8 | 7 | 8 | 9 | 9 | 8 | 9 | 9 | 8 |
| Federal Lands | 110 | 124 | 214 | 20 | 130 | 150 | 0 | 130 | 120 | 10 |
| Headwater Benefits | 11 | 119 | 126 | 4 | 126 | 128 | 2 | 126 | 126 | 2 |
| Compliance | 67 | 651 | 608 | 110 | 675 | 700 | 85 | 650 | 675 | 60 |
| Surrenders, Transfers | 11 | 63 | 67 | 7 | 60 | 58 | 9 | 60 | 58 | 11 |
| Conduit Exemptions | 8 | 13 | 14 | 7 | 50 | 51 | 6 | 50 | 51 | 5 |
| Environmental Inspections And Assistance | 8 | 20 | 28 | 0 | 50 | 50 | 0 | 60 | 60 | 0 |
| Rehearings | 18 | 4 | 7 | 15 | 15 | 16 | 14 | 15 | 16 | 13 |
| Complaints | 1 | 10 | 8 | 3 | 1 | 3 | 1 | 1 | 1 | 1 |
| Dispute Resolution Services | 0 | 1 | 1 | 0 | 2 | 1 | 1 | 2 | 2 | 1 |

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Dam Safety and Inspections** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Operational Inspections | 1,142 | 1,426 | 1,396 | 1,172 | 1,411 | 1,413 | 1,170 | 1,407 | 1,404 | 1,173 |
| Prelicense Inspections | 6 | 16 | 16 | 6 | 13 | 8 | 11 | 8 | 10 | 9 |
| Construction Inspections | 114 | 121 | 177 | 58 | 174 | 173 | 59 | 164 | 169 | 54 |
| Exemption Inspections | 208 | 258 | 270 | 196 | 273 | 270 | 199 | 273 | 275 | 197 |
| Special Inspections | 57 | 188 | 175 | 70 | 150 | 152 | 68 | 165 | 170 | 63 |
| Engineering Evaluation & Studies | 1,486 | 9,907 | 9,346 | 2,047 | 9,100 | 8,199 | 2,948 | 9,121 | 9,344 | 2,725 |
| Part 12 Reviews | 139 | 188 | 175 | 152 | 165 | 158 | 159 | 162 | 167 | 154 |
| Dam Safety Reviews | 3 | 24 | 17 | 10 | 26 | 26 | 10 | 20 | 24 | 6 |
| EAP Tests – Functions | 42 | 33 | 60 | 15 | 63 | 60 | 18 | 57 | 61 | 14 |
| EAP Tests – Table Top | 16 | 27 | 37 | 6 | 31 | 32 | 5 | 32 | 32 | 5 |

Key: P = Pending at year-end; R = Received; C = Completed

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Rates and Tariffs** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Gas Certificates & Rate | 99 | 74 | 65 | 108 | 70 | 70 | 108 | 70 | 70 | 108 |
| Market-Based Rates | 942 | 3,032 | 2,910 | 1,064 | 3,300 | 3,000 | 1,364 | 2,900 | 3,000 | 1,264 |
| Cogeneration/Small Power Producers (QF) | 18 | 1,064 | 979 | 103 | 1,075 | 1,000 | 178 | 1,075 | 1,000 | 253 |
| Dispute Resolution Services | 3 | 8 | 8 | 3 | 10 | 9 | 4 | 14 | 14 | 4 |
| Rehearings (Electric) | 410 | 196 | 79 | 527 | 200 | 150 | 577 | 200 | 200 | 577 |
| Complaints (Electric) | 48 | 49 | 47 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Declaratory Orders (Electric) | 36 | 109 | 123 | 22 | 100 | 100 | 22 | 100 | 100 | 22 |
| Remands (Electric) | 5 | 0 | 0 | 5 | 0 | 3 | 2 | 0 | 2 | 0 |
| Negotiated Rates | 51 | 532 | 537 | 46 | 575 | 550 | 71 | 575 | 550 | 96 |
| Cost-Based Rates | 901 | 4,007 | 3,942 | 966 | 4,200 | 4,000 | 1,166 | 4,200 | 4,000 | 1,366 |
| Dispute Resolution Services | 2 | 2 | 3 | 1 | 3 | 3 | 1 | 5 | 4 | 2 |
| Rehearings (Gas) | 54 | 43 | 11 | 86 | 40 | 65 | 61 | 40 | 70 | 31 |
| Complaints (Gas) | 2 | 4 | 3 | 3 | 1 | 3 | 1 | 2 | 2 | 1 |
| Declaratory Orders (Gas) | 7 | 19 | 14 | 12 | 8 | 10 | 10 | 5 | 10 | 5 |
| Remands (Gas) | 2 | 0 | 0 | 2 | 1 | 3 | 0 | 1 | 1 | 0 |
| RTO and ISO Filings | 96 | 275 | 290 | 81 | 450 | 350 | 181 | 450 | 350 | 281 |
| Dispute Resolution Services (Oil) | 0 | 1 | 1 | 0 | 2 | 2 | 0 | 2 | 2 | 0 |
| Rehearings (Oil) | 33 | 8 | 0 | 41 | 10 | 45 | 6 | 10 | 10 | 6 |
| Complaints (Oil) | 4 | 5 | 6 | 3 | 8 | 10 | 1 | 5 | 6 | 0 |
| Declaratory Orders (Oil) | 6 | 15 | 10 | 11 | 25 | 30 | 6 | 20 | 25 | 1 |
| Remands (Oil) | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Applications** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Interlocking Positions, Other Corporate Filings | 120 | 739 | 769 | 90 | 800 | 800 | 90 | 850 | 800 | 140 |
| Mergers, Acquisitions & Dispositions | 21 | 157 | 154 | 24 | 160 | 160 | 24 | 160 | 160 | 24 |

Key: P = Pending at year-end; R = Received; C = Completed

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Electric Grid Reliability** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Reliability Standards | 15 | 154 | 38 | 131 | 184 | 158 | 157 | 165 | 142 | 180 |
| Interpretations/Erratas of Reliability Standards | 2 | 9 | 8 | 3 | 5 | 4 | 4 | 4 | 3 | 5 |
| Reliability Filings by ERO/RE | 24 | 15 | 9 | 30 | 15 | 9 | 36 | 12 | 6 | 42 |
| Standards Compliance Audits | 5 | 16 | 19 | 2 | 20 | 20 | 2 | 19 | 19 | 2 |
| Notices of Penalty-Violations | 166 | 1,89 | 1,91 | 139 | 1,80 | 1,81 | 125 | 1,20 | 1,22 | 100 |

| | FY 2012 Actual | FY 2013 Actual | | | FY 2014 Estimate | | | FY 2015 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Legal Matters** | **P** | **R** | **C** | **P** | **R** | **C** | **P** | **R** | **C** | **P** |
| Cases Set for Hearing | 65 | 70 | 80 | 55 | 80 | 80 | 55 | 80 | 80 | 55 |
| Settlement Judge Proceedings | 43 | 55 | 66 | 32 | 65 | 65 | 32 | 65 | 65 | 32 |
| Appellate Review | 125 | 115 | 125 | 115 | 120 | 125 | 110 | 120 | 125 | 105 |
| Audits | 37 | 27 | 30 | 34 | 30 | 30 | 34 | 30 | 30 | 34 |
| Accounting | 33 | 259 | 225 | 67 | 250 | 255 | 62 | 250 | 260 | 52 |

Key: P = Pending at year-end; R = Received; C = Completed

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# APPENDIX C
## ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| API | American Petroleum Institute |
| CAISO | California Independent System Operator |
| CIP | Critical Infrastructure Protection |
| EAP | Emergency Action Plan |
| EISA | Energy Independence and Security Act of 2007 |
| EPAct 2005 | Energy Policy Act of 2005 |
| ERO | Electric Reliability Organization |
| e-tag | electronic tag |
| FERC or the Commission | Federal Energy Regulatory Commission |
| FEVS | Federal Employee Viewpoint Survey |
| FFT | Find, Fix, Track and Report program |
| FPA | Federal Power Act |
| FPC | Federal Power Commission |
| FTE | Full-time equivalent |
| FY | fiscal year |
| GSA | General Services Administration |
| ISO | independent system operator |
| IT | Information technology |
| LNG | liquefied natural gas |
| MISO | Midwest Independent Transmission System Operator, Inc. |
| NEPA | National Environmental Policy Act |
| NGA | Natural Gas Act of 1938 |
| NGPA | Natural Gas Policy Act of 1978 |
| NIST | National Institute of Standards and Technology |
| OMB | Office of Management and Budget |
| PJM | PJM Interconnection, LLC |
| Relicensing | Issuance of licenses for the continuance of an existing project |
| Reliability Standards | mandatory reliability standards |
| RTO | regional transmission organization |

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