



FEDERAL ENERGY REGULATORY COMMISSION
CONGRESSIONAL PERFORMANCE
BUDGET REQUEST
FISCAL YEAR 2011



www.FERC.gov

Chairman Jon Wellinghoff

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THE FEDERAL ENERGY REGULATORY COMMISSION'S MISSION

Reliable, Efficient, and Sustainable Energy for Consumers

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

Fulfilling this mission involves pursuing two primary goals:

- 1. Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.**
- 2. Promote the development of safe, reliable and efficient energy infrastructure that serves the public interest.**



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The Federal Energy Regulatory Commission (FERC or the Commission) requests funding of \$315,600,000 and 1,539 full-time equivalents (FTEs) for fiscal year (FY) 2011. The Commission’s proposed budget reflects a net change of \$17.6 million and 11 additional FTEs to carry-out the Commission’s reliability and critical infrastructure protection standards development and compliance processes; enforcement efforts; and policy reforms related to renewable resources and advanced technologies.

In accordance with the Office of Management and Budget guidance, the Federal Energy Regulatory Commission updated its Strategic Plan for fiscal years 2009 – 2014. During this update, Strategic Goals and Objectives were developed to align with the Commission’s statutory authorities. The Commission’s budget request and associated justification is aligned with its updated Strategic Plan.

Funding by Strategic Goal
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Goal 1	\$164,464	\$166,709	\$175,386	5.2%
Objective 1.1	125,393	125,273	130,734	4.4%
Objective 1.2	39,071	41,436	44,652	7.8%
Goal 2	\$118,006	\$131,291	\$140,214	6.8%
Objective 2.1	68,494	68,669	72,667	5.8%
Objective 2.2	30,457	31,053	32,525	4.7%
Objective 2.3	19,055	31,569	35,021	10.9%
TOTAL	\$282,469	\$298,000	\$315,600	5.9%

Note: Numbers in table may not add due to rounding.

FTEs by Strategic Goal

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Goal 1	824	869	875	0.7%
Objective 1.1	648	653	657	0.6%
Objective 1.2	175	216	218	0.9%
Goal 2	573	659	664	0.8%
Objective 2.1	330	334	334	0.0%
Objective 2.2	156	160	160	0.0%
Objective 2.3	86	165	170	3.0%
TOTAL	1,396	1,528	1,539	0.7%

Note: Numbers in table may not add due to rounding.

OBJECT CLASS SUMMARY

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request
11.9 Personnel Compensation	\$152,357,320	\$172,317,000	\$178,298,400
12.1 Benefits	40,515,500	43,990,000	48,262,000
13.0 Benefits for Former Personnel	26,103	-	-
Total, Personnel Compensation & Benefits	\$192,898,923	\$216,307,000	\$226,560,400
21.0 Travel and Transportation of Persons	3,728,283	4,490,000	4,899,300
22.0 Transportation of Things	7,365	5,000	5,000
23.1 Rental Payments to GSA	20,769,184	22,128,300	23,940,600
23.2 Rental Payments to Others	508,361	600,000	625,000
23.3 Communications, Utilities & Misc. Charges	2,039,722	1,802,400	2,001,000
24.0 Printing and Reproduction	2,140,953	2,206,000	2,206,000
25.0 Other Services	52,736,033	46,916,061	48,396,000
25.1 Advisory and Assistance	9,508,304	8,569,100	9,542,500
25.2 Non-Federal	12,059,104	7,423,200	7,736,600
25.3 Federal	2,504,589	1,585,200	2,389,100
25.4 Operation & Maintenance of Facilities	4,425,329	2,500,000	1,948,000
25.7 Operation & Maintenance of Equipment	24,238,707	26,838,561	26,779,800
26.0 Supplies and Materials	1,627,363	1,272,600	1,287,600
31.0 Equipment	5,852,916	2,190,939	5,597,400
41.0 Grants, Subsidies & Contributions	20,717	56,700	56,700
42.0 Insurance Claims and Indemnities	139,582	25,000	25,000
TOTAL, OBLIGATIONS	\$282,469,401	\$298,000,000	\$315,600,000
Application of Prior Years' Budget Authority	-	-	-
GROSS BUDGET AUTHORITY	\$282,469,401	\$298,000,000	\$315,600,000
Offsetting Receipts	(282,469,401)	(298,000,000)	(315,600,000)
NET BUDGET AUTHORITY	\$ -	\$ -	\$ -



Funding Breakdown by Industry
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Electric Power	\$138,837	\$158,160	\$167,562	5.9%
Natural Gas & Oil Pipelines	76,875	72,951	77,520	6.3%
Hydropower	66,756	66,888	70,518	5.4%
TOTAL	\$282,469	\$298,000	\$315,600	5.9%

Note: Numbers in table may not add due to rounding.

FTE Breakdown by Industry

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Electric Power	705	825	832	0.8%
Natural Gas & Oil Pipelines	367	376	379	0.8%
Hydropower	324	327	328	0.3%
TOTAL	1,396	1,528	1,539	0.7%

Note: Numbers in table may not add due to rounding.

PROPOSED APPROPRIATION LANGUAGE

For necessary expenses of the 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, \$315,600,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed \$315,600,000, of revenues from fees and annual charges, and other services and collections in FY 2011 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 FY 2011 so as to result in a final FY 2011 appropriation from the general fund estimated at not more than \$0.

Full Cost Recovery

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

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request
Appropriation	\$273,400	\$298,000	\$315,600
Offsetting Collections	(273,400)	(298,000)	(315,600)
Net Appropriation	\$ -	\$ -	\$ -

Dollars in thousands

**Overview of the
Federal Energy Regulatory Commission**

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

The Commission was created through the Department of Energy Organization Act on October 1, 1977. At that time, the Federal Power Commission (FPC), the Commission's predecessor that was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission. As authorized by the FPA and 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 regulatory matters. To avoid any undue political influence or pressure, no more than three commissioners may belong to the same political party. One member of the Commission is designated by the President to serve as Chair and as FERC's administrative head. FERC's decisions are not reviewed by the President or Congress, maintaining FERC's independence as a regulatory agency, and providing for fair and unbiased decisions.

THE CURRENT CHAIRMAN AND COMMISSIONERS



Chairman Wellinghoff
Sworn In: July 31, 2006
Term Expires: June 30, 2013



Commissioner Spitzer
Sworn In: July 21, 2006
Term Expires: June 30, 2011



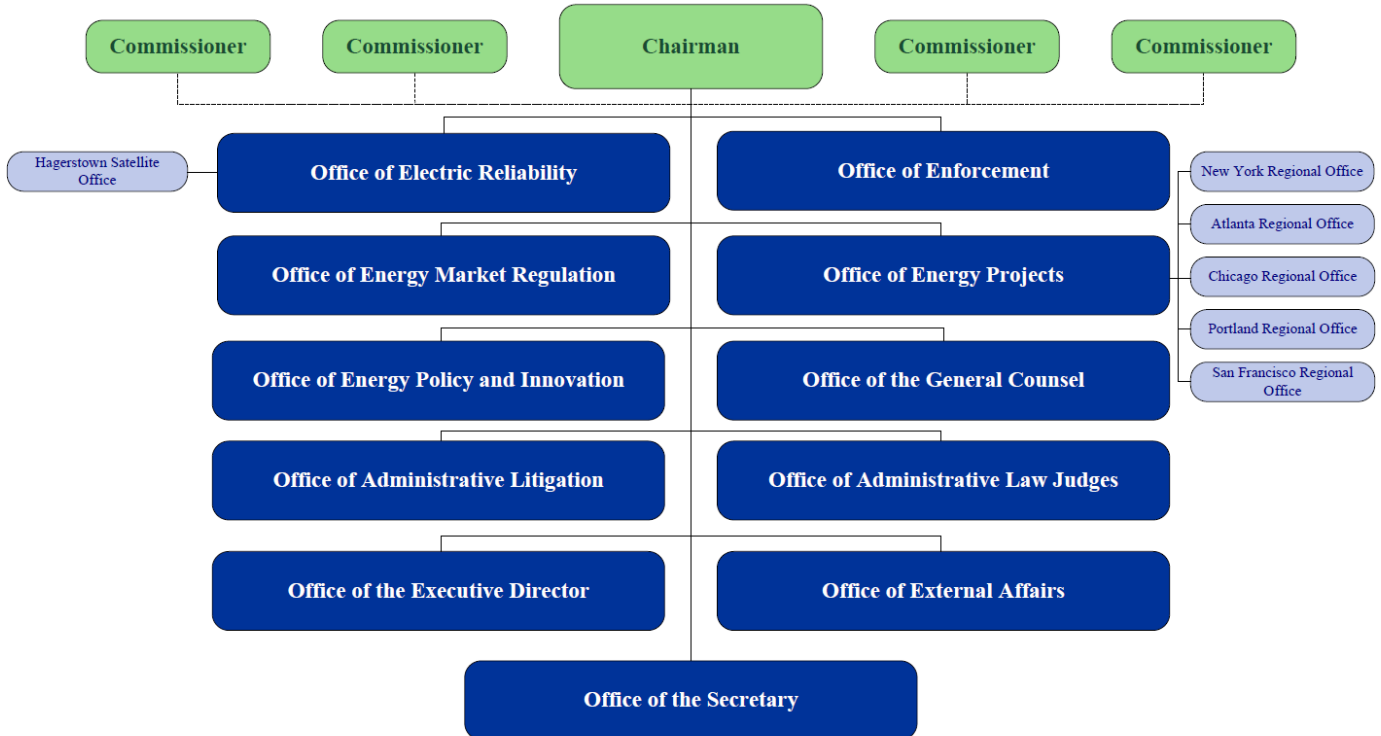
Commissioner Moeller
Sworn In: July 24, 2006
Term Expires: June 30, 2010



Commissioner Norris
Sworn In: January 11, 2010
Term Expires: June 30, 2012

In addition to the Chairman and Commissioners, FERC is organized into 11 separate functional offices; 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.

Federal Energy Regulatory Commission Organizational Chart



As of January 30, 2010



Office of Administrative Law Judges (ALJ)

Resolves contested cases as directed by the Commission either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved.

Office of Administrative Litigation (OAL)

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

Office of Electric Reliability (OER)

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

Office of Energy Market Regulation (OEMR)

Provides technical and policy advice on matters involving markets, tariffs and rates relating to electric, natural gas, and oil pipeline facilities and services as well as demand response, energy efficiency, distributed generation, renewable energy issues, greenhouse gas emissions policies, and advanced technologies relevant to grid and wholesale markets.

Office of Energy Policy and Innovation (OEPI)

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

Office of Energy Projects (OEP)

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

Office of Enforcement (OE)

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

Office of External Affairs (OEA)

Responsible for all external communications with the public and media for the Commission.

Office of the Executive Director (OED)

Provides administrative support services to the Commission including human resources (HR), procurement, information technology (IT), organizational management, financial, and logistic functions.

Office of the General Counsel (OGC)

Provides legal services to the Commission. Represents the Commission before the courts and Congress and is responsible for the legal aspects of the Commission's activities.

Office of the Secretary (OSEC)

Serves as the official focal point through which all filings are made for proceedings before the Commission.

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 nonfederal -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 in-

The Commission is also ultimately responsible for protecting and improving the reliability of the bulk power system. 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 Electric Reliability Organization (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 and the Public Utility Holding Company Act of 2005 pertaining to qualifying facilities, exempt

Smart Grid is shorthand for a growing array of applications and devices that enhance and automate the monitoring and control of electrical transmission and distribution networks for added reliability, efficiency and cost-effective operations.

cluding: 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 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.

wholesale generators, and books and records access requirements. Under the Energy Independence and Security Act of 2007 (EISA), the Commission, along with DOE and National Institute of Standards and Technology (NIST), participates in a smart grid taskforce to ensure 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 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 (DOT).

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's jurisdiction over sales for resale of natural gas is limited by the Natural Gas Policy Act of 1978 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 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

The Commission's enforcement role was significantly reinforced by EPCRA 2005, which conferred expanded authority on the Commission to assess penalties for violations of the NGA and all of Part II of the FPA. The Commission's enforcement role was also expanded with respect to mandatory and enforceable electric reliability standards. EPCRA 2005 further provided for or increased the level of civil penalties of up to \$1 million per violation of any Commission order or regulation for each day the violation continues.



GOAL 1: JUST AND REASONABLE RATES, TERMS AND CONDITIONS

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

Funding and FTE Breakout for Strategic Goal 1
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Total Goal 1 Funding	\$164,464	\$166,709	\$175,386	5.2%
Objective 1.1	\$125,393	\$125,273	\$130,734	4.4%
Program	105,053	104,754	109,078	4.1%
Support	20,340	20,518	21,656	5.5%
Objective 1.2	\$39,071	\$41,436	\$44,652	7.8%
Program	33,571	34,641	37,449	8.1%
Support	5,499	6,795	7,204	6.0%
Total Goal 1 FTEs	824	869	875	0.7%
Objective 1.1	648	653	657	0.6%
Program	535	538	541	0.6%
Support	113	115	116	0.9%
Objective 1.2	175	216	218	0.9%
Program	145	178	180	1.1%
Support	31	38	39	2.6%

Note: Numbers in table may not add due to rounding.

Introduction

The Commission’s statutory authority and overarching goal for wholesale energy markets is to ensure that rates, terms and conditions of service are just and reasonable and not unduly discriminatory or preferential. To achieve this goal, the Commission uses a combination of 1) effective regulation, including reviewing rates and market rules; and 2) market means, e.g., competition. While guarding ratepayers from unjust and unreasonable rates and protecting them from undue discrimination or preferential treatment, the Commission ensures that service providers have the opportunity to receive a fair return on their investments in infrastructure. The Commission addresses this strategic goal through tariff and complaint proceedings.

In addition, the Commission adapts its rate and energy market development policies, as necessary. Currently, the

Commission is responding to growing concerns about energy security, energy efficiency, environmental quality, electric transmission adequacy and reliability, and the cost and siting of new electric energy infrastructure. The Commission is committed to effectively addressing issues within its jurisdiction resulting from these, and other national priorities, as well as changes within energy markets.

The Commission is responsible for overseeing energy markets and enforcing the laws and regulations under its jurisdiction. The Commission uses a balanced approach in its oversight and enforcement efforts including: educating entities about market rules and other regulations; promoting internal compliance programs; employing robust audit and investigation programs; and, where appropriate, exercising the Commission’s civil penalty authority.

OBJECTIVE 1.1: REGULATORY AND MARKET MEANS

Ensure implementation of appropriate regulatory and market means for establishing rates.

Improving the competitiveness of wholesale electric markets is important to achieving just and reasonable rates, terms and conditions of service. 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. Notable benefits also stem from more broadly diversifying the fuels used to generate electricity. The Commission uses its open access transmission policies and its authority to review proposed market rules to ensure the competitiveness of these markets. The Commission

also regularly reviews proposals from regional transmission organizations (RTOs) and independent system operators (ISOs) to reform wholesale organized markets to ensure that the dynamics for buying, selling and transmitting energy are robust and working as intended.

A significant portion of the Commission’s workload lies in one of its core activities, approving rates and tariff provisions, as appropriate. In addition to this critical function, the Commission will focus on four strategies to achieve this objective.

Strategy 1:	Establish rules that enhance competition by allowing non-discriminatory market access to all supply-side and demand-side energy resources
Strategy 2:	Promote operational efficiency in wholesale markets through the exploration and encouragement of the use of software and hardware that will optimize market operations
Strategy 3:	Develop and implement a common set of performance metrics for markets within and outside of ISOs/RTOs
Strategy 4:	Promote broad participation, including the use of alternative dispute resolution services, in the Commission’s processes and procedures



Demand response is a change in electric usage by end-use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.

STRATEGY 1

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

Fundamental to the Commission's pursuit of just and reasonable rates is the consideration of both supply-side and demand-side resources in establishing rates and market rules. In competitive energy markets, supply and demand forces work in concert, yielding a just and reasonable rate. The Commission will focus on identifying reforms to market rules related to market access that, if adopted, can improve the competitiveness of the wholesale energy markets. This work is especially important for new or emerging services and technologies, such as demand response, renewable energy, and electric energy storage.

Demand-Side Resources.

The development of demand-side energy resources supports many of the Commission's responsibilities by improving the economic and reliable operation of electric power markets. Demand response, for example, can provide competitive pressure to reduce wholesale electric power prices, increase awareness of energy usage, provide for more efficient operation of markets, mitigate market power, enhance reliability, and, in combination with certain new technologies, support the use of renewable energy resources, distributed generation, and advanced metering. Other types of demand-side resources include distributed generation, electric storage and plug-in electric vehicles.

Barriers to Demand Resources.

The Commission will continue its efforts to identify and eliminate barriers to participation by demand resources in organized wholesale electric markets.

In FY 2009, the Commission issued a national assessment of demand response potential, estimating that the potential for peak electricity reductions across the country is between 38 and 188 gigawatts, up to 20 percent of national peak demand. These savings, if realized, can reduce significantly the number of power plants needed to meet peak demand and thereby reduce carbon emissions by as much as 1.2 billion tons of carbon annually. As part of this analysis, barriers to demand response were identified along with recommendations for overcoming these barriers. The Commission also directed each RTO and ISO to identify barriers to the comparable treatment of demand response resources that are within the Commission's jurisdiction as part of its on-going effort to enhance the operation of organized markets operated by RTOs and ISOs. Building on these efforts and in compliance with Congressional mandates, the Commission will publish a National Action Plan for demand response in FY 2010 that will, among other things, identify requirements for technical assistance and a national communications program, and develop or identify tools and other materials to support the development of demand response.

In FYs 2010 and 2011, the Commission will explore further market reforms that will address barriers to the development of, and otherwise facilitate the integration of, demand resources into wholesale markets. Possible reforms include the development of new ancillary services, standardization of demand response market rules, and implementation of standards for measurement and verification, including standards initiated by the North American Energy Standards Board (NAESB) in FY 2009. The Commission will also encourage the implementation of best practices for demand response products and procedures to help achieve the potential benefits associated with demand response. Similarly, attention will be paid to the methods for compensating demand resources in order to ensure comparable treatment of all resources.

In addition, the Commission will support the development of market rules that permit energy efficiency resources to participate in wholesale markets. Like demand response, energy efficiency has the potential to improve the operation of wholesale power markets by mitigating market power and enhancing reliability. Under current wholesale market rules, there are limited opportunities for energy efficiency to be compensated for the value it creates.

Supply-Side Resources.

Ensuring an adequate supply of energy resources is an equally important factor in the Commission's approach to just and reasonable rates. Entry of new sources of generation increases competition in energy markets, thus supporting the Commission's efforts to ensure just and reasonable rates over the long run.

Renewable Resources.

There is an increasing need to develop renewable energy resources in particular. A majority of states have adopted renewable portfolio standards that require utilities to acquire renewable generating capacity. The use of renewable energy resources to generate electricity has the potential to be a cost-effective means to not only reduce greenhouse gas emissions, but also diversify the fuels used to generate electricity.

The Commission has been responsive to requests for flexibility in how it approaches transmission rate design for "location-constrained" renewable resources, which do not have the flexibility to locate near existing transmission lines. For example, the Commission approved a proposal by Southwest Power Pool (SPP) in June 2009, which allowed SPP to change its transmission cost allocation for wind resources. The Commission anticipates that it will receive similar requests to adopt innovative or flexible approaches to transmission cost allocation and rate design, particularly as more renewable resources seek to interconnect to the grid to satisfy various state renewable portfolio standards.

The Commission will continue to pursue market reforms to allow all resources, including renewable energy resources, to compete in jurisdictional markets on a level playing field. These efforts could include amendments to market rules, the modification or creation of ancillary services and related policies, or the implementation of operational tools that support the reliable integration of renewable resources. If appropriate, the Commission aims to conduct a rulemaking in FYs 2010 through 2011 to support efforts in this area.

Generation Capacity and Ancillary Services.

The Commission also has taken action to ensure the procurement of adequate capacity for future periods in organized competitive markets. The Commission has approved forward-looking, auction-based markets in the PJM Interconnection, L.L.C. (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 other regions, such as the California Independent System Operator (CAISO) and the Midwest Independent Transmission Operator, Inc. (Midwest ISO), the Commission has approved alternative approaches to the forward-capacity procurement design. While the market mechanisms the Commission approves often vary in design, all are intended to provide incentives to both retain existing generation and encourage the entry of new resources to meet increasing electric supply needs. The Commission will continue to refine operation of forward capacity markets in FY 2011 by acting on related proposals and complaints filed by RTOs, ISOs and interested parties.

As with the operation of forward capacity markets, the provision of ancillary services is also critical to the reliable operation of the interstate electric transmission grid. In Order No. 890, issued in February 2007, the Commission revised the *pro forma* Open Access Transmission Tariff to allow customers to self-supply any ancillary service from any resources that are capable of providing that service (except for those services that, for technical reasons, are required to come from the transmission provider). To build on this reform, the Commission will in FYs 2010 and 2011 consider instituting formal proceedings to determine whether the modification or creation of ancillary services is necessary to support the provision of transmission service on terms and conditions that are just and reasonable and not unduly discriminatory or preferential. As part of any such proceeding, the Commission could seek to remove barriers that may exist to any resource capable of providing an ancillary service from having the opportunity to do so.

Open Access Transmission Tariff and Interconnection Reforms.

Non-discriminatory, open access to transmission services is a principal tenet in the Commission's approach to accomplish its mission. Open access transmission 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. Toward that end, 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.

The Commission will continue to evaluate and make improvements to the open access transmission tariff in FY 2011. An important consideration in recent open access transmission tariff reform is ensuring that demand resources are treated in a manner comparable to other resources in directly contributing to the reliability and efficient operation and expansion of the electric transmission system. The Commission also promotes greater access to the transmission grid for renewable energy and explicitly recognizes the intermittent nature of renewable resources, such as wind. By considering a broader spectrum of supply- and demand-side options such as these, the Commission is enabling more efficient transmission services and grid operations.

The Commission will also address the calculation of available transmission capacity, one of the most critical functions of the open access transmission tariff. This calculation determines whether transmission capacity is available for sale to third parties, which relates directly to competition in the energy market. The Commission determined that the lack of a consistent, industry-wide methodology gives transmission providers the ability and the opportunity to unduly discriminate against third parties.

The Commission directed the industry to use the North American Electric Reliability Corporation and the NAESB processes to reach a consensus on an appropriate methodology and develop necessary reliability standards and business practices. The Commission approved these standards in November 2009 and they are expected to be implemented in FY 2011. Once finalized, the transparent and standard available transmission capacity calculation methodology will lead to improved access to accurate information by customers and will likely increase competition.

Barriers to trading in energy markets can also be caused by differences in energy market rules and designs, operating and scheduling protocols, and other control-area or natural gas market practices that inhibit or preclude the ability to execute energy transactions that cross organizational/market boundaries. Significant differences in energy prod-

ucts and rules between organizational/market boundaries can reduce competition between suppliers across regions. Commission-supported efforts by industry groups, such as NAESB, address differences in operating and business practices by standardizing business practices in both the natural gas and electric industries. The Commission meets with state regulatory commissions and other governmental and stakeholder entities on a variety of market design, reliability, and operational issues as part of its effort to reduce barriers to trade in energy markets. The Commission also works with stakeholders on issues regarding tariff and business practice implementation.

Interconnection Policies.

To ensure that all generating facilities can interconnect to the transmission grid and obtain transmission services in a fair and timely manner, the Commission has established standardized interconnection procedures. Pro forma interconnection procedures help prevent undue discrimination, preserve the reliability of the nation's transmission system, and lower prices for customers by allowing a variety of generation resources to compete in wholesale electricity markets.

As part of the interconnection policies, the Commission has provided a set of initial comprehensive queue management procedures to ensure fair access to the grid. Experience has shown that queues generally include a large number of requests for projects that are unlikely to be developed. This has clogged the interconnection queues of regional grid operators, sometimes to the point of standstill. This presents a challenge to all generators and is yet another hurdle for location-constrained resources, such as wind and solar power.

To address these ongoing issues, the Commission is working with RTOs and ISOs to develop strategies for managing their queues. The Commission has approved some requests from RTOs and ISOs to deviate from the current standardized interconnection procedures to improve the processing of the queues. The result has been a better integration of markets and the interconnection processes of the regions operated by the six FERC jurisdictional RTOs and ISOs: CAISO; Midwest ISO; SPP; ISO-New England, Inc.; PJM; and New York Independent System Operator, Inc. (New York ISO). Among other benefits, these improvements are also increasing the amount of renewables in the generation mix. In FYs 2010 and 2011, the Commission will continue to adapt its interconnection and queuing policies as well as monitor interconnection queue issues in regions of the country that do not have RTOs or ISOs to determine if reforms are necessary.



STRATEGY 2

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

The utility industry is by nature capital intensive, requiring the use of sophisticated software and significant investment in hardware to optimize market operations. Within the organized markets operated by RTOs and ISOs which often share common features, there are opportunities to enhance efficiency by expanding implementation of best practices throughout those markets. In FY 2011, the Commission will continue efforts to enhance operational efficiency in jurisdictional markets by encouraging public utilities, particularly RTOs and ISOs, to deploy new modeling software and optimize their market operations. These actions will allow more useful and realistic power system modeling that enables increased penetration of renewable generation, demand response resources, electric storage and plug-in electric vehicles.

Investments in energy infrastructure are also needed to meet consumer needs. The transmission grid, for example, is a vast network of interconnected facilities that, while owned by over 500 different entities, must be operated in an integrated fashion in order to reliably serve customers. Improving the utilization of these facilities, including the ways in which the various transmission owners coordinate their operations with each other, has the potential to lower costs to serve customers while also increasing opportunities to integrate renewable generation, demand response, and emerging technologies. The Commission will explore these opportunities, proposing reforms as appropriate.

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

In Order No. 2000, the Commission encouraged the voluntary formation of RTOs to operate the electric transmission grid and to create organized wholesale electric markets. The development of RTOs and modified market structures was aimed at increasing the efficiency of wholesale electric market operations and increasing non-discriminatory access to the transmission grid. The Commission mandated that RTOs should be independent from market participants, fairly exercising operational authority over all transmission facilities under their control. RTOs design tariffs that are responsive to the needs of their regions, submitting their tariff proposal for review by the Commission. The Commission ensures that RTO and ISO tariffs promote non-discriminatory access to transmission and support just and reasonable rates for energy in their markets.

Today, RTOs and ISOs serve roughly two-thirds of all electricity consumers in the United States by providing transmission service, interconnecting new resources to the transmission grid, and operating markets for the sale of electricity at wholesale. In recent years, the Commission has issued hundreds of orders implementing reforms to the services provided, and the markets operated, by RTOs and ISOs in an effort to enhance competition and increase efficiency.

To support further enhancements to RTO and ISO activities, the Commission in FY 2010 is working with RTOs and ISOs to develop and implement operational and financial metrics to measure the performance of RTOs and ISOs and transactions in the markets they administer. With input and review by the Commission, the ISOs/RTOs have developed and reached agreement on a common list of key performance metrics. The metrics measure performance with respect to a number of areas including reliability standards, customer costs, demand response market penetration, and transmission investment. The ISOs/RTOs are currently in the process of gathering the necessary data for these metrics covering the time period 2005 – 2009. The metrics will be discussed in stakeholder outreach meetings and finalized in a presentation by the ISO/RTO chief executive officers to the Commission in April, 2010. The Commission will also develop a plan for reporting ISO/RTO metric information to Congress. In FY 2011, the Commission will work with utilities in non-ISO/RTO regions to develop metrics that allow for comparisons of the combinations of various market structures.

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

The Commission recognizes the value of resolving filings involving jurisdictional companies through consensual means and using alternate dispute resolution techniques in the energy markets it oversees. This practice increases the probability of a successful outcome where all parties' concerns are addressed. In fact, approximately 80 percent of the contested proceedings set for hearing at the Commission are settled. The settlement of these cases is enormously beneficial to the energy consumers as it dramatically limits the time, expense and resources that the Commission and outside parties would otherwise need to devote to these cases. Further, the resolution of a case through settlement is likely to be more acceptable to the parties than a litigated outcome, and therefore reduces the likelihood of an appeal. In cases that are not settled, the Commission's trial staff develops a full and complete evidentiary presentation that allows the Commission to make an informed decision and ensure energy consumers only pay just and reasonable rates.

The Commission offers a full range of independent, neutral, third party ADR services within the Commission and to outside parties to prevent, manage, and resolve energy-related conflicts. Going forward, ADR processes and tools will increase in value and popularity to meet consumer needs and fulfill the requirements of complex, multi-disciplinary energy initiatives on the Nation's horizon. In FYs 2010 and 2011, the Commission will apply these concepts to other areas of the Commission's work in order to improve regulatory outcomes. The Commission will begin by identifying issues and proceedings that lend themselves to consensual resolution and conduct a pilot project.

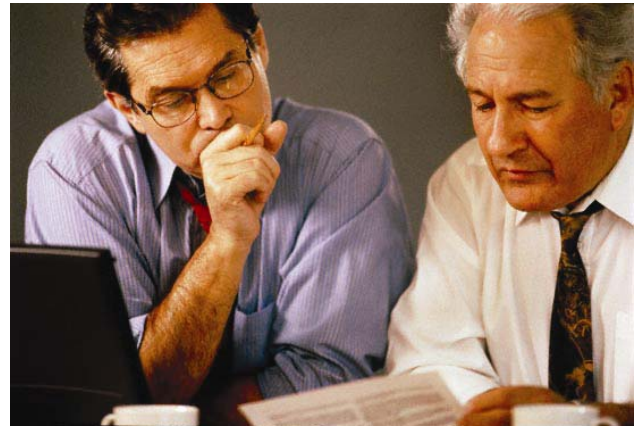
Settlements.

The Commission's trial staff plays an important role in ensuring just and reasonable rates as well as furthering national priorities. A recent uncontested settlement involved the integration of a 180 megawatt (MW) wind generation project into the transmission grid in North and South Dakota.

In another example, the Commission’s trial staff resolved the formula rates, customer protections and audit protocols for a major 765 kilovolt (kV) transmission superhighway to be built in Indiana to connect PJM and Midwest ISA (MISO) and facilitate the interconnection of over 4,000 MW of new wind generation. Due to trial staff’s efforts, the rates will be in place when the project is approved.

The Commission recently set three natural gas pipeline cases for hearing to determine if the pipelines rates are just and reasonable. The Commission’s trial staff will endeavor to settle these proceedings. If a settlement is not achieved, the Commission’s trial staff will present expert testimony and exhibits for Commission review. In either circumstance, the Commission will ensure that these pipelines’ customers pay just and reasonable rates.

In FYs 2010 and 2011, the Commission will continue these ADR and settlement efforts to further its strategic goal of rates, terms and conditions of service that are just and reasonable and not unduly discriminatory or preferential.



Rate and Tariff Filings by Industry

	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011*
Electric	3,393	4,880	4,196	4,400	4,200
Gas	1,152	1,281	1,823	1,975	1,800
Oil	511	554	576	700	600

** Projections based on FY 2009 data*

Rate Applications

Electric utilities, natural gas, and oil pipelines are required to have their rates, terms and conditions on file with the Commission. The Commission must review proposed changes and all filed comments before making a determination on whether to accept, accept with modifications, or reject the proposed changes. The Commission may also establish a hearing or a technical conference to give the parties an opportunity for further discussion of the proposed changes.

In addition to the four strategies discussed previously, one of the Commission’s core functions is to evaluate rate and tariff filings, including various accounting requirements, and consistently apply rate policies to jurisdictional entities. The Commission encourages the use of market-based rates where the ability to exercise market power is not present, or has been mitigated, and requires cost-based rate structures in wholesale markets where the ability to exercise market power exists. When reviewing cost-based rates, the Commission considers the rate design, the opportunity to recover investments in energy infrastructure, and the fair allo-

cation of costs among ratepayers. In the natural gas industry, the Commission permits the use of negotiated rates for natural gas pipelines that cannot demonstrate a lack of market power.

Related to these filings, the Commission anticipates an increase in requests from regulated entities for accounting guidance related to new technologies. Because of the large number of filings received annually, the Commission dedicates a significant amount of resources to this analysis and will continue to do so in FY 2011.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 1.1

Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated	
FY 2010	Evaluate ISO/RTO filings on barriers to demand response. Complete and submit National Action Plan on Demand Response
FY 2011	As appropriate, issue Notice of Proposed Rulemaking on further steps to eliminate barriers to demand resources, including steps identified in National Action Plan on Demand Response

Best practices for demand response products and procedures in organized wholesale electric markets will be identified and implemented.	
FY 2010	Perform outreach with ISOs/RTOs, demand response providers, and others. As appropriate, issue Notice of Proposed Rulemaking on best practices
FY 2011	As appropriate, issue Final Rule on best practices.

All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.	
FY 2010	Perform outreach to identify the need for modification or creation of additional ancillary services, and issue Notice of Proposed Rulemaking, as appropriate
FY 2011	As appropriate, issue Final Rule on ancillary service products and procedures

Pursue market reforms that will allow renewable energy resources to compete fairly in Commission-jurisdictional markets.	
FY 2010	Perform outreach with industry and issue staff white paper identifying potential need for and types of market reforms
FY 2011	Issue Notice of Inquiry/Notice of Proposed Rulemaking on market reforms, if appropriate

Methods for modeling system operations will be enhanced and new software will be developed that increases efficiency and optimizes market operations.	
FY 2010	Internal release of staff white paper; industry outreach, including technical conferences, to identify best practices.
FY 2011	Pursue voluntary adoption of best practices by RTOs/ISOs; if appropriate, issue Policy Statement and/or Notice of Inquiry/Notice of Proposed Rulemaking.

Develop standard set of metrics and analyze results	
FY 2010	Explore and develop appropriate operational and financial metrics for ISOs/RTOs
FY 2011	Explore and develop appropriate operational and financial metrics for non-ISO/RTO regions

OBJECTIVE 1.2: OVERSIGHT AND ENFORCEMENT

Increase compliance with the Commission’s rules and deter market manipulation.

The Commission’s Oversight and Enforcement program takes proactive steps on a variety of fronts to reduce the probability that violations will occur and to detect problems before they become severe or widespread. To prevent market participants and regulated entities from unknowingly violating the Commission’s rules, the Commission works with stakeholders to explain the intent and requirements of its rules. In order to increase compliance with Commission rules, the oversight and enforcement program provides recommendations and guidance to regulated entities through a variety of findings, recommendations, and market analysis.

The Commission aims to prevent market conditions that would hurt competition and lead to unjust and unreasonable rates. This entails ongoing reviews of market behavior and results, a deliberate strategy of disseminating findings, and highly sophisticated analysis of market anomalies. These three integrated activities of market oversight provide a comprehensive view of the energy markets to the Commission, state regulators, and the public at large. This practice yields an increased level of confidence from the public, which is critical to properly functioning energy markets.

The Commission also ensures that rates are just and reasonable and not unduly discriminatory or preferential by requiring that financial and market information is recorded in a useful form, transparent, and in compliance with the Commission’s accounting regulations. The Commission also improves competitiveness in wholesale electric markets by preventing the accumulation and exercise of market power as it assures proposed mergers, dispositions, and acquisitions are in the public interest and will not have an anti-competitive effect on electric markets.

It is important for the Commission to have clear rules and requirements and fair processes to guarantee that each entity involved in a Commission investigative or enforcement action understands both the applicable rules and regulations and the due process rights available. These key facets of the Commission’s enforcement program ensure that enforcement actions are consistent, fair, and can withstand legal challenges.

In addition to its core oversight and enforcement functions, the Commission will focus on two strategies to achieve this objective.

Strategy 1:	Promote internal compliance programs and self-reporting of violations
Strategy 2:	Use a risk-based approach to plan and prioritize audits of jurisdictional companies operations



STRATEGY 1

Promote internal compliance programs and self-reporting of violations

Key Factors in a Vigorous Compliance Program	
1.	Active involvement and support of senior management
2.	Effective preventative measures including accountability, review, and evaluation
3.	Prompt detection, cessation and reporting of violations that occur
4.	Remediation of misconduct

After a 2008 workshop, the Commission issued the 2009 Policy Statement on Compliance and identified four key factors that should be present in compliance programs.

The Commission is committed to encouraging better compliance with statutory and regulatory requirements and will continue to engage the public and the regulated community to encourage comprehensive compliance initiatives. Since FY 2008, the Commission has encouraged regulated entities and market participants in electric and natural gas markets to place more emphasis on their internal compliance protocols.

In FYs 2010 and 2011, the Commission will continue to encourage entities subject to the Commission’s regulatory requirements to develop robust internal compliance programs and to self-report violations that occur.

Review of compliance programs will be part of the Commission’s compliance audits and, as appropriate, will be discussed in publicly available audit reports. 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. In addition, consistent with the 2008 Policy Statement on Compliance, the Commission will give entities credit in determining civil penalty settlements if a vigorous compliance program was in effect when the violation occurred. Where violations do not involve significant harm and where the four key factors of effective compliance practices are present, the Commission may reduce or even eliminate a civil penalty if a violation nonetheless occurs. In these situations, the Commission will make the settlement agreement known to the public in order to encourage others to implement vigorous compliance programs.

The success of these efforts will be measured by the increase in the existence of robust compliance programs by

regulated entities. The Commission anticipates that it will find, through its audits and investigations, 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.

Since issuance of the first Policy Statement on Enforcement in 2005, the Commission has received a significant number of self-reports from regulated entities and market participants. In FY 2009, the Commission received 122 self-reports of violations ranging from minor errors in filing requirements to breaches of clear rules on use of transmission entitlements or capacity release requirements. Many of the self-reported matters are resolved with correction and compliance and without any sanctions, while other more serious matters have resulted in settlements and payment of civil penalties. In FY 2009, the Commission issued eleven orders approving settlements with civil penalties for self-reported matters.

Information gathered from self-reports are provided to the public and regulated entities in annual reports on enforcement activities. The 2009 Report on Enforcement provided illustrative information about 18 self-reports that were closed with compliance but without sanctions. Such information assists regulated entities in indentifying risks to address through their compliance programs and underscores the benefits of self-reporting and voluntary compliance. The Commission expects that as regulated entities and market participants improve their internal compliance monitoring, they will continue to self-report violations.



More than 1,500 companies held market-based rate authority as of July 2009.

STRATEGY 2

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

Operating and maintaining a strong audit program is instrumental in ensuring that jurisdictional companies comply with the Commission's statutes, orders, rules, and regulations. The Commission prepares a plan each year that addresses a variety of audit topics for the upcoming fiscal year. The audit plan represents the Commission's formal plan of action to accomplish its audit goals and objectives.

Audits are planned and prioritized using a risk-based approach in order to maximize the impact of the Commission's resources. The Commission staff will perform a comprehensive review of materials obtained from a variety of sources including, but not limited to, forms filed with the Commission, state commissions, and the Securities and Exchange Commission; rate information gathered from Commission filings; pertinent financial information affecting stock and bond prices; a review of Commission and state rate actions; information gleaned from conversations with industry and state officials; and discussions with Commission senior officials and staff.

Currently, 45 FTEs are responsible for executing the Commission's Oversight and Enforcement audit program. In FY 2009, the Commission completed 33 audits of jurisdictional companies which resulted in 112 recommendations for corrective actions. In FY 2011, the Commission will emphasize larger, multiple-scope audits instead of narrow, single-scope audits. The Commission will focus its audits, in general, on several topic areas.

Affiliated Transactions.

Over the past two years, the Commission's audit program has devoted more of its resources to focus on affiliated transactions. Due to the repeal of Public Utility Holding Company Act of 1935, the Commission amended its merger, accounting, pricing restrictions, recordkeeping, and reporting rules. These audits will help the Commission protect customers from inappropriate cross-subsidization and ensure holding company systems comply with the Commission's accounting, reporting and record keeping requirements.

Order No. 679, Transmission Incentives.

Public utilities that have been granted incentive rate treatment for specific transmission projects must file with the Commission an annual informational report, FERC-730, providing projected and actual investment information. The Commission will audit public utilities' FERC-730 filings to verify they have accurately reported information concerning their actual and projected transmission investments. The audit will also provide the opportunity to inspect the public utilities' books and records to oversee jurisdictional companies' incentive rate mechanisms.

Market-Based Rate Authority.

The Commission began market-based rate authority audits to ensure compliance with Order No. 697, which became effective in FY 2008. These audits will increase transparency by verifying that companies are accurately reporting transactional information in electric quarterly reports filed with the Commission.

Gas Tariffs and Contracts.

These audits evaluate natural gas companies' compliance with various Commission regulations and companies' tariff

provisions. The Commission reviews contracts and related agreements to ensure natural gas companies file terms or conditions in contracts that deviate from the pro forma service agreement in the company's tariff and that affect the substantive rights of the parties. The audits ensure natural gas companies do not extend discriminatory or preferential terms to favored or affiliated shippers. Additionally, these audits assess the companies' conformity with tariff language that allowed them to recover costs through a tracking mechanism or required them to return revenues collected for penalties or cashing out imbalances. Moreover, these audits ensure the companies collected or returned the appropriate level of expense or revenue, as appropriate.

Accounting and Reporting.

These audits will focus on jurisdictional natural gas companies and public utilities compliance with the Commission's accounting and reporting regulations contained in the Uniform System of Accounts, Annual Reports (FERC Form Nos. 1 and 2); Quarterly Reports (FERC Form No. 3-Q), and related regulations. The audits will also evaluate compliance with the Commission's record retention requirements.



In addition to the two strategies discussed previously, the Commission dedicates resources to other oversight and enforcement activities.

Market Oversight and Analysis.

The Commission's market oversight and analysis program focuses on the wholesale energy markets within its jurisdiction and the markets that affect them. The Commission concentrates on the competitiveness, fairness and efficiency

of the natural gas, electric and related energy and financial markets. When market anomalies are detected, the Commission initiates detailed analyses to understand their genesis. The Commission thoroughly reviews publicly available data, contacts the parties involved, and frequently obtains large amounts of data from the relevant parties. If necessary, the Commission will investigate market participants' conduct to identify whether the anomaly is the result of wrong-doing.

The Market Oversight Program
Gather large volumes of data to reflect ongoing market conditions
Validate data to ensure accuracy and relevancy
Process data to uncover meaningful patterns
Develop real-time information capabilities to address rapidly developing situations and emergencies
Identify areas of market intelligence to fill in gaps where available market data is inadequate

Both natural gas and electric energy are traded in a variety of ways in a variety of markets. The market may be as sophisticated as an RTO which runs hourly auctions processing bids for supply and demand while ensuring that minute by minute the most economic resources are sourced to meet load. The market may be as simple as a one-on-one call between a buyer and a supplier to purchase the next month's gas. All of these markets produce vast quantities of raw data.

The Commission relies on the Market Monitoring Center to provide market analysts the data and analytic tools to monitor energy markets. The Market Monitoring Center functions as the hub of data collection from sources such as Energy Security Analysis Inc., Ventyx, Platts, Bloomberg, Bentek, and Cambridge Energy Research Associates. The Commission's enforcement program will, at times, rely heavily on this market oversight staff for its analytical assessments.

The Commission requires 50 FTEs to carry out the oversight and analysis program. In addition, in FY 2011, the Commission will require approximately \$600,000 to renew data subscriptions to ensure that these tools remain up-to-date.

Electric Quarterly Report Analysis.

Another component in the Commission's approach to ensuring just and reasonable rates is the financial and market information reporting requirement. The Commission administers, analyzes and ensures compliance with the filing requirements for the Electric Quarterly Report filed by all

public utilities, including power marketers. Information collected in the Electric Quarterly Report allows the Commission to consider whether, based on actual sales data, a seller with market-based rate authority has obtained an excessive market share.

The Commission's ex-post analysis of market-based rates is an essential aspect of the market-based rate program. The Commission's initial review when granting market-based rate authority, together with ongoing oversight and timely reconsideration of market-based rate authorization under section 206 of the FPA, enables the Commission to meet its statutory duty to ensure that rates are just and reasonable.¹

Additional oversight and enforcement resources will be used to conduct more complex analyses. For example, the Commission will conduct a multi-quarter analysis of the ability of sellers to drive up prices for an entire regional market.

The Electric Quarterly Reports are also used for a number of other purposes. The data are used to investigate enforcement complaints involving allegations of market manipulation. The data are also used to assist in corroborating or refuting evidence submitted by sellers seeking to obtain or retain market-based rate authority. Finally, the Electric Quarterly Report data are used to provide critical information regarding market trends, such as the volume of physical transactions in a particular market compared to the volume of financial transactions, prices for short-term sales verses long-term sales, and long-term contracting by qualifying facilities.

Electric Quarterly Report data are compiled in a large and complex database, which includes price, volume and contract data for more than 1,200 filers and 7 million transactions each quarter.

1. *State of California ex rel. Bill Lockyer, Attorney General of the State of California*, 125 FERC ¶ 61,016 (2008).

Consistent with its historic practice, quarterly in FY 2011, the Commission will prepare a price analysis to assess whether sellers may be charging excessive rates and will identify transactions out of the range of other contemporaneous sales. These transactions will be carefully scrutinized for evidence that market power is being exercised. Sellers that routinely charge high market-based rate prices relative to other sellers will be identified for further investigation.

Corporate Activities and Mergers.

As the Commission evaluates and considers corporate activities that electric utilities propose to undertake, it focuses on the control of generation and transmission assets. These considerations are important because the opportunity for exercising market power grows when available supply is low relative to demand or when supply is controlled by only a few entities. In such situations, even an otherwise well-functioning market may not produce rates that are just and reasonable.

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 electric industry is in a state of growth and evolution with new products, services, and types of market participants entering the mix. Keeping abreast of these changes and making sure new market structures and corporate relationships are fully understood is a complex and difficult undertaking. The Commission will manage these intricacies as it works to prevent the accumulation and exercise of market power in the transforming electric industry it regulates.

The Commission is seeing many new issues arising in the area of corporate regulation. There are many non-traditional entities such as financial institutions, hedge funds, investment advisors, and foreign investment companies seeking Commission approval to take equity positions in utilities. While bringing new sources of capital to the utility industry, these types of acquisitions raise difficult issues regarding what level of equity interest may constitute “control” of a public utility and whether having a single entity with ownership interests in multiple utilities raises market power concerns. Because many of these entities are new to the Commission and their involvement in utility securities is evolving, they will continue to present novel, legal and policy issues and challenges.

Work in this area will safeguard the consumer as well as ensure that wholesale rates for electricity and transmission services remain just and reasonable. Market power issues can present themselves in many different ways and the Commission must be prepared to address them. The Commission expects the level of merger activity in FY 2011 to remain roughly the same while acquisition of securities is

likely to increase. The Commission will use its resources to protect customers from affiliate abuse and to guard against cross subsidization, to address new issues growing out of the Commission’s oversight of public utility holding companies, and to deal with complex issues associated with ownership and control of utility assets by hedge funds and other non-traditional entities.



Investigations and Enforcement.

While the great majority of 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 breach known requirements when it is in their economic interest to do so. When such instances become known by the Commission, staff conducts an investigation.

A growing portion of the investigative staff’s time is devoted to examining allegations of fraud, market manipulation, misconduct in organized electric markets and unexplained anomalies in the physical energy markets subject to the Commission’s jurisdiction. While investigations are non-public activities, the Commission provides guidance to the regulated community where possible. The Commission has regular interactions with the regulated entities, conducts outreach efforts and publishes reports of alleged manipulation investigations when appropriate. These actions, and the Commission’s ability to impose civil penalties or other sanctions, act as a deterrent to fraud, market manipulation and other violations. Furthermore, the Commission’s robust investigation, audit and market oversight programs

provide potential infrastructure investors reassurance that the markets are actively monitored and rules are enforced, thereby allowing the opportunity for a fair rate of return on their investment.

Depending on its nature and complexity, an investigation can last between three months to well over a year and be staffed by two to ten or more persons. In FY 2009, the Commission opened 10 new investigations, seven of which involved market manipulation. In the same year, the Commission closed 36 investigations, 22 of which resulted in payment of civil penalties totaling \$38.3 million and disgorgement payments of \$38.7 million plus interest. This continues to build a public record that indicates to the regulated community and the public the consequences of different types of violations. In addition, the Commission issues the Annual Report on Enforcement to inform the public about the Commission’s enforcement activities (<http://www.ferc.gov/legal/staff-reports/12-17-09-enforcement.pdf>).

Expanded Focus of Market-Based Conduct.

The Commission has continued to place additional emphasis on its investigations and enforcement activities on conduct that impairs or disrupts the functioning of competitive markets. As compared with other types of investigations, manipulation cases can take three or four times the number of FTEs. In addition, it may be necessary to retain special outside expertise for these cases. Unlike most regulatory issues, litigation of alleged market manipulation involves expert analysis of extremely complex trading activity, discovery of often well-hidden actions by sophisticated market

traders, and the interpretation and application of relatively new anti-manipulation authority.

In FY 2009 the Commission accepted 22 settlements including two settlements resolving major manipulation cases, Amaranth Advisors LLC and Energy Transfer Partners, LP. The parties in Amaranth, with the exception of one trader, settled for a civil penalty of \$7.5 million; an amount that reflected the adverse financial circumstances of the settling parties. Energy Transfer Partners settled for a civil penalty of \$5 million and the creation of a \$25 million disgorgement fund to be dispersed under supervision of a Commission Administrative Law Judge. The litigation costs to the Commission were substantial, both in terms of FTEs dedicated to these cases and the fees for expert consultants. Anticipating similar cases in FY 2011, the Commission is requesting \$1 million for consultant fees.

While the Commission will adjust and be prepared for the projected increase in litigated matters, it will continue to pursue fair settlement agreements in enforcement actions where possible.

Enforcement Hotline.

The Commission operates an Enforcement Hotline whereby the public or industry participants can confidentially and anonymously provide information to the Commission concerning potential regulatory violations, market anomalies, or market participant misconduct. The Commission receives approximately 500 calls annually; often resulting in an informal resolution of disputes. However, the Commission currently has nine open investigations that originated from the Hotline.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 1.2

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 2010	10%
FY 2011	25%

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 2010	10%
FY 2011	25%

Percentage of audits included in the audit plan planned based on risk.	
FY 2010	40%
FY 2011	60%



GOAL 2: INFRASTRUCTURE

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

Funding and FTE Breakout for Strategic Goal 2

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Request	% (+/-) FY 2010 to FY 2011
Total Goal 2 Funding	\$118,006	\$131,291	\$140,214	6.8%
Objective 2.1	\$68,494	\$68,669	\$72,667	5.8%
Program	58,126	58,181	61,645	6.0%
Support	10,368	10,488	11,022	5.1%
Objective 2.2	\$30,457	\$31,053	\$32,525	4.7%
Program	25,566	26,032	27,253	4.7%
Support	4,891	5,021	5,273	5.0%
Objective 2.3	\$19,055	\$31,569	\$35,021	10.9%
Program	16,349	26,384	29,420	11.5%
Support	2,706	5,185	5,601	8.0%
Total Goal 2 FTEs	573	659	664	0.8%
Objective 2.1	330	334	334	0.0%
Program	273	275	275	0.0%
Support	58	59	59	0.0%
Objective 2.2	156	160	160	0.0%
Program	129	132	132	0.0%
Support	27	28	28	0.0%
Objective 2.3	86	165	170	3.0%
Program	71	136	140	2.9%
Support	15	29	30	3.4%

Note: Numbers in table may not add due to rounding.

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

In addition to its siting authority, the Commission is working towards improving the efficiency of the Nation’s infrastructure. The use of advanced technologies on the electric transmission system can, for example, decrease line losses or enable customers to reduce or shift demand. The Commission is also responsible for the safety of LNG and non-federal hydropower facilities throughout the life cycle of a project (design review, construction and operation), relying heavily on physical inspections of the facilities throughout these phases. The Commission is also responsible for the protection and improvement of the reliability and security of the Nation’s bulk-power system, based on enforcement of the Reliability Standards by the Commission-certified ERO, and the eight Regional Entities, subject to Commission review. The Regional Entities, using authority delegated by the ERO and approved by the Commission, oversee compliance by the almost 1,800 users, owners, and operators of the Nation’s bulk-power system.



OBJECTIVE 2.1: Infrastructure Development and Siting

Increase efficient infrastructure consistent with demand.

Efficient energy infrastructure includes both economic and operational efficiencies realized from, among other things, the use of new technologies as well as procedures. The Commission will promote its goals in several ways including encouraging the use of advanced technologies, providing

incentive rates where appropriate, and promoting transmission planning where all stakeholders’ needs are addressed. In addition to its core infrastructure authorities, the Commission will focus on three strategies to achieve this objective.

Strategy 1:	Encourage new electric transmission facilities that advance efficient transmission system operation
Strategy 2:	Support electric transmission planning through the use of open and transparent processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources
Strategy 3:	Promote efficient design and operation of natural gas facilities

STRATEGY 1

Encourage new electric transmission facilities that advance efficient transmission system operation

The lack of adequate transmission facilities creates a significant barrier to trade between markets and among regions. Furthermore, the Nation’s electric grid largely uses decades-old technology and has not extensively incorporated new digital technologies.

Smart Grid.

Although digital technologies have transformed other industries, a similar change has not occurred for the electric grid. The Commission has dedicated its resources to encouraging the development and deployment of new transmission technologies. Advancements in smart grid, as it’s often referred to, have the potential to improve reliability, security and efficiency of the bulk-power system and realize the efficiency improvements that are possible on the utility side of the meter.

In order to support the development of smart grid technologies, the Commission must act on uniform standards and protocols to ensure that the multiple components of the smart grid are able to communicate and operate with one another seamlessly. Section 1305 of EISA directs the Commission to adopt standards and protocols to govern the implementation of smart grid technologies that can enhance reliability and efficiency in the operation of the Nation's electric grid. In FYs 2010 and 2011, the Commission will support the deployment of smart grid applications by reviewing and adopting, as appropriate, standards and protocols developed by the NIST.

Historically, utilities have been reluctant to invest in smart grid applications until relevant standards and protocols governing use of the technology are finalized. In order to encourage the early advancement of smart grid technologies as standards are being finalized, the Commission has adopted rate policies that provide for recovery of investments that meet certain specified criteria. The Commission will continue to review and act on proposals for such rate recovery in FY 2011, thereby supporting the number of transmission projects that incorporate advanced technologies as they are developed.

Incentive Rates.

To encourage greater investment in the Nation’s transmission infrastructure, the Commission, pursuant to a legislative enactment, allows incentive rate treatment for transmission infrastructure investments that meet certain conditions. Incentive rate treatments, including recovery of increased return on equity, accelerated recovery of depreciation, and recovery of the cost of plant cancelled for reasons beyond the utility’s control, aim to promote reliability and reduce transmission congestion.

Since the issuance of Order No. 679 in 2006, the Commission has approved 51 proposals for incentive rate treatment for 56 projects to build over 10,700 miles of transmission lines, at a total cost of approximately \$44.8 billion. Requests for incentive rates are expected to continue through FY 2011, based on the continued need for increased investment in the interstate power grid to ensure reliability, support competitive wholesale power markets, and increase the development of location constrained renewable resources.

The “smart grid” concept involves automating the electric grid by outfitting it with smart controls, two-way communications systems, and/or sensors. This has the potential to reduce power consumption through demand response, facilitate grid connection to renewable resources and distributed generation, enable the deployment of storage technologies, and improve grid reliability.





STRATEGY 2

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

Although ownership of the interstate transmission grid is highly disaggregated, with more than 500 owners, transmission expansions must be considered not only on a local basis, but also on a regional and sub-regional basis. To ensure that needed transmission is developed with the interests of all stakeholders in mind, the Commission requires that all public utilities establish and participate in an open and transparent regional transmission planning process. In the regions under their control, RTOs and ISOs manage these transmission planning processes, which aim to improve the coordination of transmission planning among utilities and to support the development of an efficient transmission system. To that end, the Commission requires RTOs, ISOs and public utilities to consider alternatives to developing additional transmission infrastructure offered by developers during the formulation of a transmission plan, including energy efficiency and demand response.

As a result of this strategy, public utilities will continue to follow planning processes that consider both reliability and economic needs, on a local and regional level. This is intended to contribute to the construction of much-needed transmission, as well as support competitive markets by

reducing barriers to trade between markets and among regions. Coordinated transmission planning processes will also increase the availability of non-discriminatory access to transmission services, and increase access to renewable generation sources.

The Commission continually monitors and reforms as necessary its transmission planning process requests. In September 2009, the Commission convened three regional conferences on transmission planning. The conferences focused on existing transmission planning processes, including discussion of the progress of current processes. Conference participants considered emerging challenges to the transmission system, seeking to determine whether current processes consider regional needs in a sufficient scope to ensure adequate and reliable supplies of electricity at just and reasonable rates. Following the conference, the Commission received thousands of pages of comments to inform the development of further reforms, possibly through a rulemaking proceeding in FY 2010. The implementation of any such reforms adopted would extend to FY 2011 and beyond.

STRATEGY 3**Promote efficient design and operation of natural gas facilities**

As a result of recent industry initiatives, in FY 2009 the Commission began examining the design and operation of jurisdictional natural gas facilities, and started exploring ways to improve and promote greater efficiency at these facilities. To begin with, Commission staff issued data requests to those companies with pending certificate applications before the Commission relating to opportunities for waste heat recovery at compressor stations. Additionally, staff reviewed the Interstate Natural Gas Association of America's February 2008 White Paper. This paper addressed applicability thresholds for various waste heat recovery opportunities for interstate natural gas pipelines and led the Commission to begin work on its own internal engineering studies which further explored energy efficiencies across the natural gas pipeline grid, as well as the electric grid.

As a result of these activities, the Commission has positioned itself to begin studying the feasibility of installing waste heat recovery systems in jurisdictional natural gas facilities. This system is important because it has the poten-

tial to allow the industry to transform a current waste product - otherwise lost into the atmosphere - into additional electricity for the United States.

In FYs 2010 and 2011, Commission staff will conduct bi-monthly reviews of Electronic Bulletin Boards (EBBs)² to gauge participation across the industry. Companies are not currently required to post information regarding waste heat feasibility on their EBBs but the Commission expects that all companies will voluntarily post this information so that there is greater transparency across the industry. Staff will also review the FERC Form 567, annual flow diagrams, to identify which companies have facilities that may be candidates for waste heat recovery efforts. Working alongside and with Interstate Natural Gas Association of America's, the Commission will meet with other industry representatives to discuss and gain feedback on these efforts. Finally, the Commission will have to address the potential flow implications of taking compressors out of service for installation of waste heat recovery facilities while facilities balance their stated contracts.

Waste heat recovery is the process of collecting the waste heat emitted from compressor units as a by-product of combustion, and then using that heat to run generators and create electricity.



2. EBBs are internet sites where pipeline companies must post certain information to be in compliance with Part 284.12 and 284.13 of the Commission's regulations.



In addition to the three strategies discussed previously, the Commission will continue to play a key role in the development, siting, and regulation of infrastructure, in accordance with its statutory responsibilities.

Hydropower.

Hydropower is an essential component of the Nation's energy portfolio and 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 also provide other public benefits such as managed water supply, recreation, economic development, and flood control while minimizing adverse impacts on environmental resources.

The Commission's hydropower responsibilities include: issuance of licenses for the construction of a new project (original licenses) or for the continued operation of an existing project (relicenses), including any primary transmission line; and oversight of all ongoing project operations, including dam safety inspections³, environmental monitoring, and ensuring compliance with license requirements.

Approximately 120 FTEs are required to carry out the Commission's hydropower licensing and compliance programs.

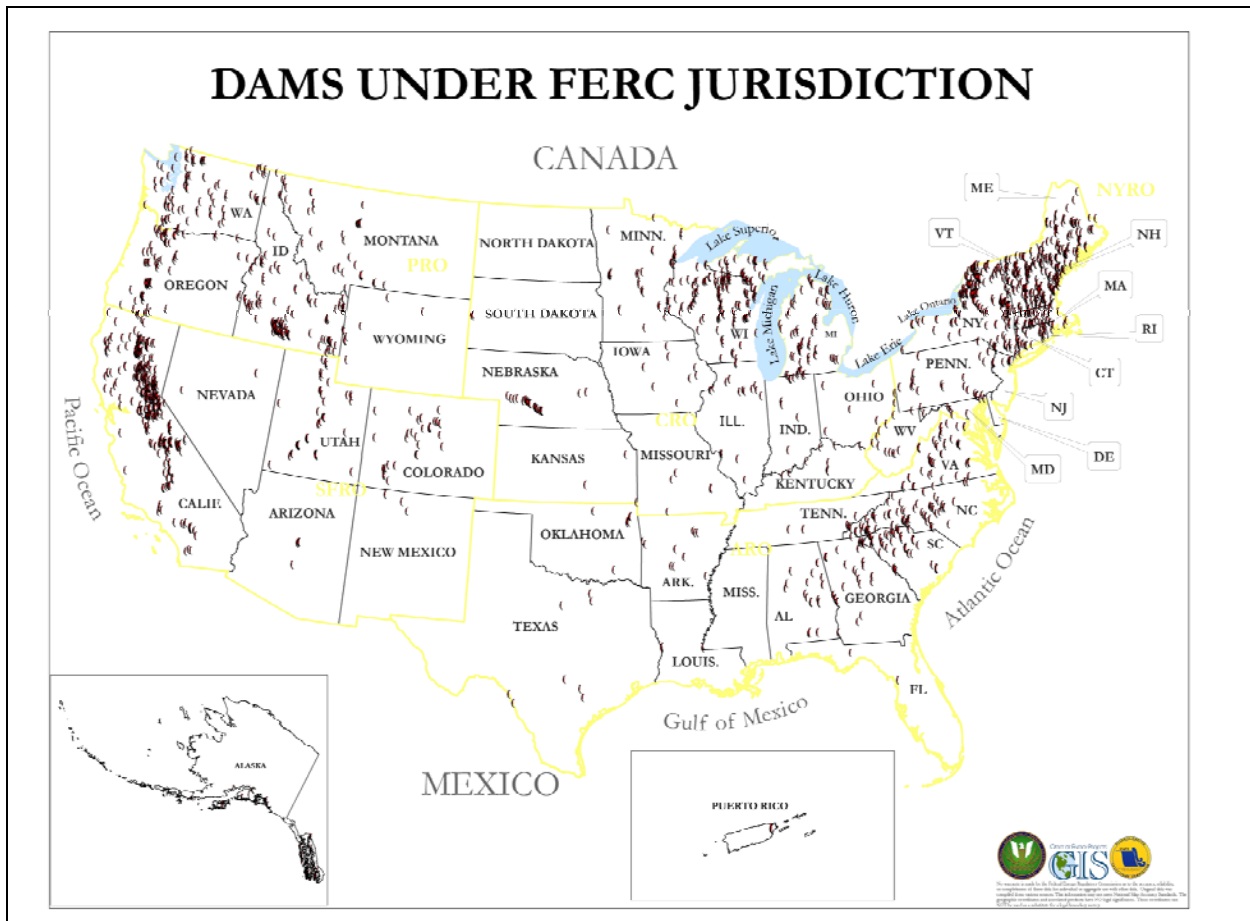
Pre-Filing.

The pre-filing process typically begins three years prior to the filing of a license application.⁴

The Commission expects to process 44 pre-filing applications in FY 2011. While the overall number of pending projects will be down in FY 2011 as compared to FY 2009, the majority of these projects will be in the first year of pre-filing, which is the most resource intensive period during the process. Throughout this time, 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. Also during this process throughout FY 2011, the Commission expects to attend 27 public information meetings, conduct 18 site visits, and participate in numerous tribal consultations. In addition to staff time, the Commission is requesting \$200,000 for contractor assistance in processing two pre-filing applications.

3. The Commission's dam safety program is captured in Objective 2.2: Safety.

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



The Commission regulates over 1,600 non-federal hydroelectric projects at over 2,500 dams and impoundments. Together, these projects represent 54 gigawatts of hydroelectric capacity, more than half of all the hydropower in the United States.

Applications.

Commission staff conduct environmental analyses for all filed license applications. The Commission is responsible for ensuring that the environmental document analyzes the project’s effects on recreation, fisheries, wildlife, water quality, wetlands, and cultural resources and makes recommendations for the protection, mitigation, and enhancement measures to be included in any license issued.

Of the 89 potential original license applications, 59 of those applications are expected to be for projects proposing to use hydrokinetic technologies. Right now, there is increased interest in hydrokinetic projects, along with pumped storage and small, low-impact conventional projects as a result of high oil prices, market forces, growing interest in lower-emissions, domestic and renewable energy sources, state renewable portfolio standard policies, and federal incentives. It is uncertain, however, whether these technologies will be ready for commercialization by FY

2011. If they are not, the number of license filings for hydrokinetic projects could decrease substantially.

In FY 2009, the Commission acted upon 18 applications representing a total capacity of 1,361.50 MW; that number is expected to rise to 25 applications in FY 2011. In order to adhere to the timeframes established by the integrated licensing process and continue processing applications in a timely manner, the Commission will require contractor assistance to perform analyses and prepare environmental documents. Based on FY 2009 estimates, the Commission will use contractor assistance for thirteen Environmental Impact Statements and four Environmental Assessments for a total cost of \$3,500,000.

In addition to license applications, the Commission also processes preliminary permit (permit) applications. Permits allow a permit holder to have access to and to study a particular site for up to three years. A permit also guarantees

	FY 2009	FY 2010	FY 2011
Number of Original Licenses Applications Pending	25	60	89
Number of Relicense Applications Pending	64	61	23
Number of 5-MW Exemption Applications Pending	5	3	5

the permit holder the “first-to-file” status for a particular site in cases where multiple applications are received by the Commission for a hydropower license. A permit does not authorize construction, nor is a permit required to apply for, or receive, a license. The overall complexity and number of permit applications has almost doubled over the past three years. The increase in the number of these applications, and their expected continuing upward trend, can be attributed to the current and near-term positive regulatory climate, new hydro technology research, and sustained and overwhelming indications that further legislation will be enacted requiring a larger percentage of renewable energy sources in the future.

Environmental and Engineering Compliance.

Hydropower licenses issued by the Commission include terms and conditions that are designed to protect, mitigate, and enhance the environmental resources of project areas. These terms and conditions address such things as water quality, land use, wildlife, water supply, flood control, erosion control, endangered species, recreation, cultural resources, and fish habitat and passage.

As specified by the issued license, licensees are required to implement specific environmental and operational measures, generally after filing detailed plans, proposals and reports regarding the implementation of the measures. In addition, licensees proposing to undertake certain activities not already authorized by the project license must file amendment applications. When changing conditions make meeting their license requirements impossible, licensees also must file for a modification of their license requirement.

The Commission processes these filings, preparing environmental assessments and engineering reports as necessary for reviewing license amendments. The Commission works collaboratively with the licensees and other stakeholders to ensure timely review for adequacy and on-site implementation.

Over the past two years, the number of compliance actions has increased by approximately 30 percent. Prior to this period, a typical license contained between 20 – 25 requirements; however, the number has increased to 40 – 60 requirements per license. Many of these additional requirements have resulted from complex settlement agreements, an increasing number of mandatory conditions set forth in Water Quality Certificates, and 4(e) conditions.⁵

Due to increases in demand for water resources and severe droughts that have plagued many parts of the country, there have been numerous requirements inserted into licenses dealing with drought contingency plans and resource protection plans for endangered species, wetlands, and riparian areas. To protect the environment and deal with increasing populations living around or recreating at hydropower projects, many licenses now require shoreline or land management plans which combine numerous conditions in one extensive plan and require a multidisciplinary approach for reviewing such plans.

To keep up with these compliance actions, the Commission is requesting \$1,000,000 in FY 2011 to procure contractor support to assist staff in preparing two headwater benefits studies and 22 Environmental Assessments relating to additional capacity, water withdrawals and land/marina use amendment applications.

Environmental Inspections.

The Commission’s on-site environmental inspection program evaluates and assesses implementation and compliance with the environmental and public use requirements of licenses to ensure protection and enhancement of resources at each project. On these inspections, staff identifies common problem areas, enforces the terms and conditions of each license, and assists the licensees with staying in compliance. In FY 2011, the Commission projects conducting approximately 125 environmental inspections, requiring \$300,000 of contractor support to supplement Commission staff in these inspections.

5. Under Section 4(e) of the Federal Power Act, 16 U.S.C § 797(e), FERC must consider environmental requirements for licensing a project within a federal reservation. A federal reservation under the Act is a technical term, defined generally as a national forest, tribal land, military reservations, and other lands and interests in lands reserved for other public purposes. They include any lands and interests in lands acquired and held for any public purposes by the federal government (they do not include national monuments or national parks, where hydropower licensing is prohibited).

Natural Gas Pipelines & Storage Projects.

The Commission is responsible for reviewing applications for the construction and operation of natural gas pipelines and other related facilities.⁶ To meet the growing demand for natural gas, the Commission must respond to these applications in a timely manner. As in hydropower and electric transmission siting, the pre-filing process engages stakeholders in the identification and resolution of concerns prior to a company filing a certificate application with the Commission. The Commission staff's participation and initiative in these efforts allows for the filing of more complete certificate applications and enables more efficient and expeditious determination by the Commission. As part of the natural gas pipeline certificate application process, the Commission reviews applications for embedded accounting issues in pipeline construction, acquisition purchase, and abandonment transactions. Commission staff will identify deficiencies in proposed accounting and recommends appropriate corrective action. These reviews of accounting in certificate filings provide greater certainty to pipelines by providing upfront guidance on accounting entries prior to the pipeline seeking formal Commission approval.

Applications.

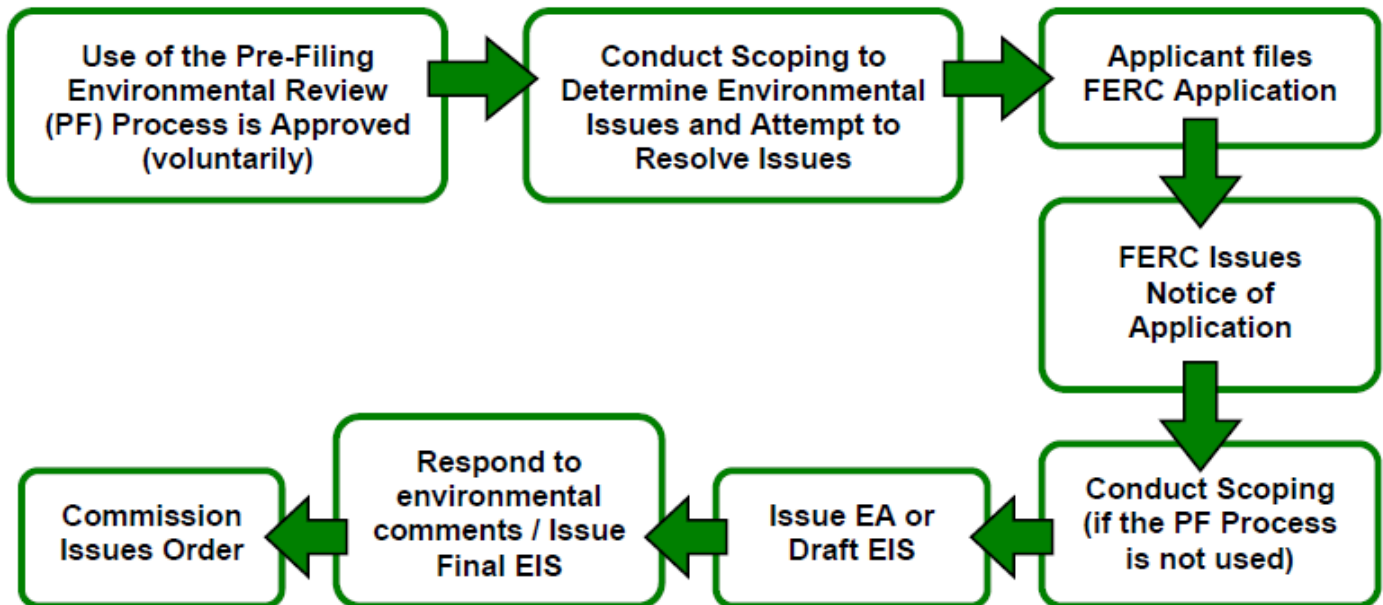
In FY 2009, the Commission authorized 25 natural gas pipeline projects which resulted in over 348 miles of addi-

tional pipeline and 404,686 horsepower of compression. The Commission also authorized 16 storage projects resulting in 5.7 billion cubic feet of peak day deliverability and 157.2 billion cubic feet of storage capacity, 93.82 miles of connecting pipeline and 194,601 horsepower of compression. In FY 2011, the Commission expects that the number of natural gas pipeline applications will remain constant and the rate of processing the applications will remain steady. Approximately 80 FTEs are required to carry out the Commission's natural gas pipelines and storage projects programs.

Alaska Natural Gas Pipeline Project.

The Commission has been fully engaged in the pre-filing review⁷ of at least two proposals to construct and operate an Alaska natural gas pipeline, extending from the North Slope of Alaska to the Alaska-Canada border. The Commission will continue to be involved in pre-filing reviews of these initiatives that will involve up to seven weeks of on-site work in Alaska by the Commission staff. Based upon the current trends in the lower United States production of natural gas, especially increased production from shale, and the potential reductions of natural gas imports from Canada, the Alaska Natural Gas Pipeline Project has the possibility of providing seven percent of the total United States natural gas supply by 2030.⁸

Process for Natural Gas Certificates



6. Once natural gas pipeline projects become operational, safety is regulated, monitored and enforced by the Department of Transportation.

7. FERC activities will include: familiarizing staff with the project area, attending the project sponsor's stakeholder outreach meetings, conducting Native Alaskan consultation, viewing the route and alternatives, meeting with federal and state agencies and stakeholders, holding NEPA scoping meetings, identifying data gaps, and evaluating the application for completeness. In addition, the Commission will be reviewing filings by the project sponsors to approve their open season proposals as well as monitor the results of the open season(s).

8. See Table 14, Reference Case Tables, Annual Energy Outlook 2009, Energy Information Administration.

Environmental Inspections.

The Commission includes environmental protection, mitigation, and enhancement measures in authorizations for natural gas pipelines and storage facilities. While facilities are under construction, Commission staff conducts inspections at least once every 28 days to insure adherence to the prescribed environmental measures. In FY 2009, the Commission staff conducted 803 pipeline facility compliance inspections; including 77 percent of these inspections which were completed by contractors. The Commission expects to maintain the same amount of project review and the associated compliance inspection activities in FY 2011. Thus, the Commission will require contracted resources, estimated at \$665,000.

Outreach.

The Commission regularly hosts industry training seminars which provide guidance and insight on compliance-related matters. These sessions are attended by state, local and federal agency officials, natural gas pipeline companies, and consulting firm staff and provide an opportunity for open dialogue between the Commission staff and these stakeholders. These sessions provide information on the filing requirements for environmental reports, reporting requirements for blanket certificate projects, new regulations, overview of the Commission's Wetland and Waterbody Construction and Mitigation Procedures, and more. In FY 2011, the Commission proposes to conduct six seminars. The use of contractor support will be required for the planning and implementation of these sessions for a total cost of approximately \$330,000. These heavily attended seminars are instrumental to the understanding and successful adherence to the Commission-issued certificates and authorizations. In addition, the Commission will conduct outreach whenever the opportunity or need presents itself in FY 2011. In FY 2009 Commission staff undertook several non-project specific outreach initiatives such as a multi-agency informational meeting in Pennsylvania⁹ and a Pipeline Siting and Stakeholder Involvement Workshop held at the FERC Headquarters in Washington, DC.

LNG Facilities.

The Commission's LNG responsibilities include: analyzing the cryogenic design of proposed LNG plants, reviewing site compliance with federal safety standards, coordinating with the US Coast Guard on waterway suitability assessments for LNG import/export terminals, completing post-authorization final design review, reviewing design change requests, approving compliance with conditions, and conducting construction and operation inspections.¹⁰

Pre-Filing & Applications.

In FY 2009, the Commission reviewed two projects in the pre-filing process, four applications for new or modified import terminals, and one new-peak shaving facility. By FY 2011, the Commission expects to have incorporated enhanced modeling capabilities to assist in the review of LNG applications. The improved modeling capabilities will enable the Commission to make better risk-informed decisions and form a comprehensive response to public concerns. Similar to FY 2009, the Commission will require \$220,000 of contractor assistance to aid in the cryogenic review of LNG applications in FY 2011.

Seismic Design Issues.

In areas with high seismic potential, and, consequently, significant seismic design requirements, the Commission has begun imposing a condition requiring the proponents of LNG terminals to retain a three-member Board of Consultants to review the final proposed geotechnical and seismic design measures. Commission staff will need consulting engineering support to assist in evaluating the Board's recommendations. Consultants will participate in Board meetings, review design material and advise the Commission on final design approvals. There are currently two approved LNG projects with a requirement for the Board of Consultants. Both of these projects are expected to move towards construction in FY 2011. Consequently, the Commission will require \$356,000 in contractor resources for seismic-related activities.

Electric Transmission Siting.

The Commission has limited jurisdiction over the siting of electric transmission facilities. The Commission's jurisdiction is applicable when two conditions are met: 1) the proposed facility is located in a National Interest Electric Transmission Corridor, as designated by the Secretary of Energy, and 2) the state(s) withhold approval for more than one year, do not have the authority to site transmission facilities, or cannot consider interstate project benefits of facilities proposed to be constructed in a National Interest Electric Transmission Corridor. A recent court decision has limited the Commission's authority by finding that a state's denial of an application to site a facility does not constitute "withholding approval."

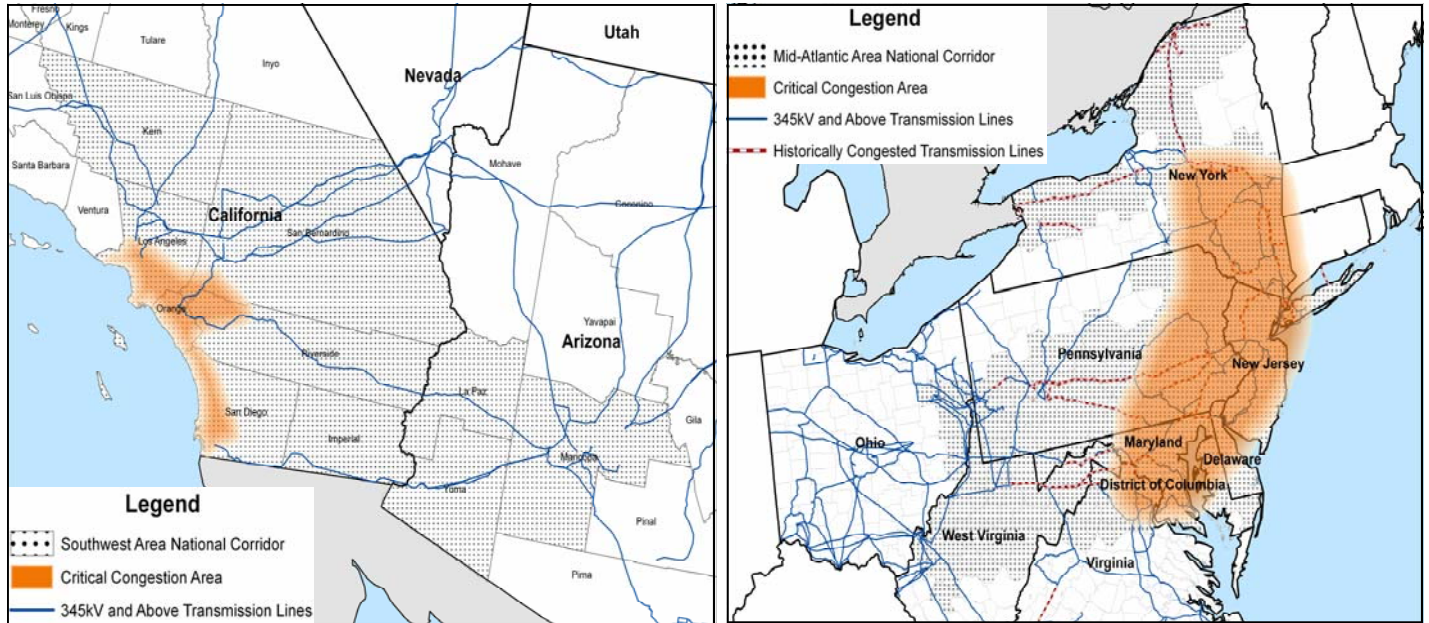
The Commission will review each transmission siting application to ensure that it: is consistent with the public interest; will be used for transmission in interstate commerce; will significantly reduce transmission congestion and will protect or benefit consumers; is consistent with sound National energy policy and will enhance energy independence; and will maximize the transmission capabilities of existing

9. The outreach activities in Pennsylvania, held in conjunction with Federal and state agencies, were in anticipation of several potential proposals in that region and were well received by the participants.

10. Construction and operation inspection activities will be addressed in Objective 2.2.

towers or structures to the extent reasonable and economical. The Commission will further assess the transmission siting applications within the National Interest Electric Transmission Corridors against any objections or alternative arguments from interested parties. The Commission will include in its public interest review an analysis of the impact the proposed facilities (or their absence) will have on the reliability of the bulk-power system.

Proposed electric transmission siting projects will undoubtedly be contentious and complex. Based on current projections, the Commission expects that by FY 2011, staff may be processing up to five electric transmission siting applications, in either the pre-filing or application phases.



PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.1

Percentage of all new transmission projects will incorporate advanced technologies that meet Commission criteria.	
FY 2010	5%
FY 2011	10%

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 2010	Assessment of transmission planning process best practices, including the potential for collaborative decision making, and issue Notice of Proposed Rulemaking, as appropriate ¹¹
FY 2011	As appropriate, issue Final Rule on transmission planning process best practices

Percent of jurisdictional natural gas companies examined for feasibility of installing waste heat recovery systems.	
FY 2010	20%
FY 2011	40%

11. Assessment includes how options to transmission are considered.

OBJECTIVE 2.2: Safety**Minimize risk to the public.**

The Commission is responsible for the safety of LNG and non-federal hydropower facilities throughout the entire life cycle of a project: design review, construction and operation. Approximately 142 FTEs are required to carry out the components of the Commission's safety related programs, supplemented by a total of approximately \$1,300,000 in contractor support.

LNG Facilities.

Public safety is among the Commission's highest priorities when it comes to regulating LNG terminals. 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 US Coast Guard, DOT¹², 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.

Construction & Operational Inspections.

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 2009, forty-one construction and pre-operational inspections were conducted for three new terminals and four terminal expansions. The number of construction and pre-operational inspections that may occur in FY 2011 will likely be similar to FY 2009, but will ultimately be determined by market conditions, as well as the number of LNG facilities approved by the Commission in the next eighteen 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 2009, 13 operational inspections were conducted for six peak-shaving facilities and seven terminals. By FY 2011, the number of operational inspections will increase to 16 as a result of four new import terminals and one peak-shaving plant commencing service. Based upon the number of potential LNG projects and the number of facilities already in operation, the Commission expects to spend approximately \$160,000 for the use of contractor resources to aid Commission staff in conducting five of 16 operational plant inspections.



12. The U.S. Coast Guard and DOT have both entered into an Memorandum of Understanding with the Commission for this process.

Hydropower Facilities.

The administration and execution of the Commission’s dam safety program ensures that the dams under the Commission’s jurisdiction are safe. The dam safety program applies advances in technology to address the technical challenges presented by the aging national water resources infrastructure.

Inspections.

Inspections are the backbone of the dam safety program and are an effective tool for detecting and preventing potential catastrophic structural failures. In the event of a dam failure, there are both economic (property damage, environmental impacts and costs associated with loss of use of the resource) and loss of life consequences. Through inspections, the Commission is able to verify the structural integrity of dams, ensure compliance with license requirements, and identify subsequent necessary investigations, remedial modifications, or required maintenance. In FY 2011, the Commission expects to conduct over 1,800 inspections.

Safety Initiatives.

In addition to conducting inspections, the Commission undertakes several other initiatives to minimize risk to the public. The Commission publishes engineering guidelines for the hydropower industry. These guidelines are constantly in use and are updated as needed. The Engineering Guidelines for the Evaluation of Hydropower Projects provide guidance from licensee- or consultant-conducted studies that includes the procedures and criteria for the engineering review and analysis of hydropower projects.

The Commission’s Performance Monitoring Program uses appropriate instrumentation to detect and measure physical

changes in the structure before dam safety problems develop. This program also provides methods to better identify and solve dam safety issues, and improves coordination, abilities, and trust among all stakeholders. The Commission also requires Emergency Action Plans (EAP) for all jurisdictional dams. The EAP program includes the development, maintenance, and periodic testing of project-specific EAPs. The program requires the coordination and cooperation of dam owners with state and local emergency preparedness agencies and the Commission. Satisfactory EAPs are in place at more than 99 percent of the Commission dams; exceeding the state-regulated, high hazard potential dams figure by 46 percent.

The Commission also requires inspections by independent consultants every five years on dams that have high or significant hazard potential ratings. Each independent consultant must be pre-approved by the Commission to ensure they are qualified and to maintain strict quality control. These independent inspections, paid for by the licensee, include a complete engineering assessment, an inspection of the project works, and include a detailed review of the project design. 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. In FY 2009, over 200 independent consultant report reviews were completed 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 2011.

In addition to fully executing its traditional safety responsibilities, the Commission will focus on one strategy to improve upon this objective.

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

Hazard Potential Classification	Loss of Human Life	Inspection Schedule
High	Probable; one or more expected	Annually
Significant	None Expected	Annually
Low	None Expected	Every 3 years

STRATEGY 1

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

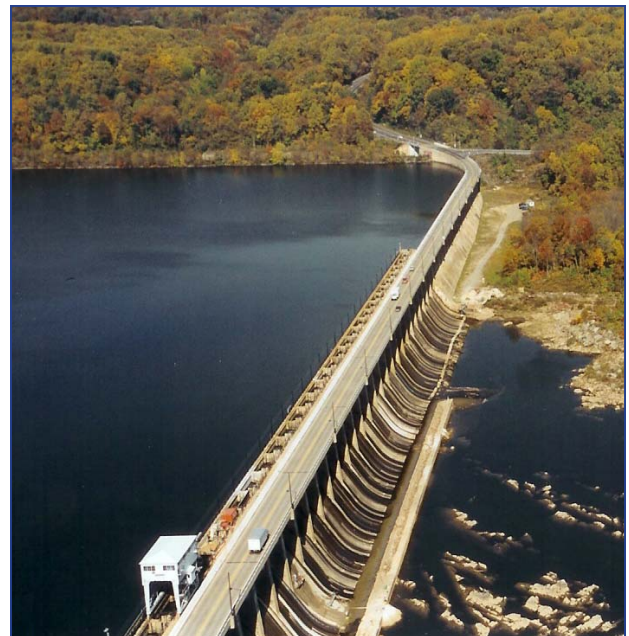
Risk assessment methodologies have been used in the safety assessment of many high consequence industries since the 1960s including the nuclear power and liquefied natural gas industries, and by federal regulatory agencies including the Environmental Protection Agency, Food and Drug Administration and the Federal Aviation Administration. Risk-informed decision-making is also used in dam safety evaluations in the United States (U.S. Department of Interior-Bureau of Reclamation (Reclamation) and the U.S. Army Corps of Engineers), Canada, Australia and New Zealand. Reclamation has been a leader in the development of dam safety risk assessment methodologies for over 10 years. Currently, Reclamation employs risk-informed decision-making in the process of continuously evaluating the safety of dams under their jurisdiction. Spurred by the effects of Hurricane Katrina, U.S. Army Corps of Engineers, in cooperation with Reclamation and with requested participation from the Commission, developed policies and procedures to guide their use of risk-informed decision making.

In FY 2009, the Commission explored how risk assessment methodologies could benefit its own dam safety program.

- Better understanding and quantifying potential failure modes;
- Identify previously unidentified failure modes with high risk;
- Understand the consequences of potential failure modes on life, health and property;
- Understand the uncertainty and variability in traditional analyses;
- Understand the risk associated with a single dam or FERC’s entire inventory of dams;
- Compare the safety of different dams using a common basis, risk;
- Compare the relative contribution to risk of all failure modes at a given dam; and
- Evaluate risk reduction alternatives and effectively reducing the risk FERC regulated dams pose to the public in quantifiable and defensible terms.

As a result of the benefits identified in its FY 2009 review, the Commission will develop in FY 2010, an action plan to incorporate risk-informed decision making into its dam safety program. Risk-informed decision making will enable the Commission to make better dam safety decisions that will, in turn, better protect life, health, and property. It will complement traditional methods, such as Commission and independent inspections of dams, not replace them.

In FY 2011, the Commission will prepare a portfolio risk assessment of FERC’s dam inventory. Through this high-level process of assessing each dam, staff will be able to identify high-risk dams that need more urgent attention. By identifying these dams, the current safety status and the need for additional dam safety studies and investigations will be thoroughly evaluated. Risk-informed decision making will allow the Commission to focus its resources on those structures that pose the greatest risk to the public. During this development period, all safety inspections will continue as scheduled.



PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.2

Incorporation of risk-informed decision making into the dam safety program.	
FY 2010	Develop Action Plan
FY 2011	Portfolio Risk Assessment of FERC Dam Inventory

OBJECTIVE 2.3: Reliability

Maintain the reliability of the electric transmission grid.

The electric transmission grid of the United States is a complex network connecting almost 1,000,000 MW of generating capability to load, through more than 200,000 miles of transmission lines. The Commission has an important role in maintaining the reliability and security of this grid. For example, the Commission monitors and participates in the development and enforcement of mandatory reliability and security standards (Reliability Standards) for the grid in the continental United States. These standards apply to all users, owners and operators of the grid. The Commission also monitors system disturbances to identify near and long-term issues affecting generation and transmission.

These responsibilities will continue to be a significant source of work for the Commission through FY 2011. The issues confronted will be extremely complex and time consuming, requiring extensive outreach and education. In addition to FTE resources, the Commission anticipates requiring \$2.25 million in contracting expertise to accomplish its goals in this area.

To maintain the reliability of the electric transmission grid, the Commission will focus on three strategies.

Strategy 1:	Process Reliability Standards in a timely manner
Strategy 2:	Monitor, audit, and enforce Reliability Standards
Strategy 3:	Identify reliability parameters that affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid



STRATEGY 1**Process Reliability Standards in a timely manner**

The Commission monitors and participates in the development and enforcement of mandatory Reliability Standards for the grid in the continental United States, primarily through regulatory oversight of the Electric Reliability Organization. The ERO, among other tasks, is responsible for proposing mandatory Reliability Standards for the Commission's review and approval. The ERO may delegate certain responsibilities to Regional Entities, again subject to Commission approval.

Pursuant to EPAct 2005, the ERO must develop Reliability Standards through an open and inclusive process that involves extensive negotiation, consultation and coordination among many stakeholders. Certified Regional Entities may also develop and propose regional reliability standards. In addition, the ERO may submit interpretations of approved Reliability Standards for the Commission's review. The Commission does not have authority to modify proposed standards or interpretations. Rather, if the Commission disapproves of such a filing, it must remand the filing to the ERO for reconsideration. The Commission may direct the ERO to develop and submit a modification on a specific matter.

One illustration of this process involves the ERO's first cyber security, or Critical Infrastructure Protection (CIP), Reliability Standards. After those standards were filed, the Commission approved them while concurrently directing modifications. The ERO has subsequently filed initial modifications to the approved CIP standards and its rules of procedure. Further modifications to the approved CIP standards, many of them extensive, are expected to be filed in FYs 2010, 2011, and beyond.

When proposed Reliability Standards or interpretations are filed, it is important that the Commission respond in a timely manner because the standards or interpretations become mandatory and enforceable only after Commission approval. In FY 2011, the Commission is committed to processing proposed Reliability Standards in a timely manner by issuing orders for 75 percent of filed Reliability Standards within 18 months of the filing date. The Commission anticipates designating 48 FTEs to these efforts. In addition, the Commission will also require up to \$1.25 million of contractor expertise to supplement this undertaking.

Under section 215 of the Federal Power Act, as created by EPAct 2005, the Commission has jurisdiction over the certified ERO, any Regional Entities, and all users, owners and operators of the bulk- power system in the United States excluding Alaska and Hawaii, including but not limited to the public and governmental entities described in section 201(f) of the FPA.

STRATEGY 2**Monitor, audit, and enforce Reliability Standards**

As discussed above, the Commission monitors and participates in the enforcement of the Reliability Standards, primarily through its oversight of the ERO and Regional Entities. One way in which the Commission fulfills these roles is by participating in selected ERO-led or Regional Entity-led compliance audits and investigations of users, owners and operators of the bulk power system. The Commission will also perform several independent compliance audits and conduct independent investigations of significant blackouts, system disturbances, and other reliability incidents.

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 of violations, audits, investigations, or complaints – the

ERO submits a Notice of Penalty filing for Commission approval. The Notice of Penalty filing includes the evidence 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. The Commission anticipates the filing of Notice of Penalties addressing approximately 100 violations each month.

Rigorous audits and investigations of potential violations coupled with appropriate penalties and adequate mitigation plans should reduce the frequency of repeat violations of the Reliability Standards. In order to determine the effectiveness of the compliance program, the Commission will track the number and type of violations, particularly violations of Reliability Standards involving high Violation Risk Factors.

As part of its monitoring and oversight role, the Commission will monitor the ERO’s short-term and long-term reliability and adequacy assessments of the bulk-power system; compile reports on the performance of the bulk-power system from information gathered from the ERO, Regional Entities, and other registered entities; and evaluate system events including disturbances and near-misses.

The Commission also communicates and collaborates with international entities such as Canadian and Mexican regulators; federal agencies such as the Department of Energy, the Department of Homeland Security, the Department of

Defense, the Nuclear Regulatory Commission, and the National Institute of Standards and Technology; state organizations such as the National Association of Regulatory Utility Commissioners; the ERO and Regional Entities; and industry and customer stakeholder groups, among others. The Commission will encourage and implement innovative approaches to system and security reliability that will improve the ability of the grid to withstand and recover from abnormal events and attacks.

The Commission anticipates these compliance efforts will require 67 FTEs.

For each Reliability Standard, there are specified associated mandatory requirements that must be material to reliability, measurable, support one or more of the stated reliability principles, and consistent with all of the stated reliability and market interface principles.

Each requirement identifies who is responsible and what action is to be performed or what outcome is to be achieved. Each requirement of a Reliability Standard has a Violation Risk Factor and Violation Severity Levels assigned to it.

The Violation Risk Factors and Violation Severity Levels reflect, respectively, the relative risk to the bulk-power system associated with a violation of the requirement of a Reliability Standard and the severity of a single violation. The Violation Risk Factors and Violation Severity Levels are used by the ERO and the Regional Entities to determine proposed financial penalties for violating a Reliability Standard.

STRATEGY 3

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

The Commission anticipates requiring, in addition to existing staff, \$500,000 in contracting expertise to identify reliability parameters related to renewable energy resources and the electric transmission grid.

The Commission’s strategy includes:

- Developing research and studies to identify reliability constraints while, as necessary, leveraging outside expertise in areas such as industry, academia, and National Labs.
- Identifying and evaluating relevant studies performed in the three electrical interconnections in the continental United States; regions within those interconnections,

including the footprints of ISO and RTO; and internationally.

- Monitoring developments in public and industry groups with respect to renewable energy resources, carbon-based generation and carbon sequestration.
- Researching legislative initiatives and regulations in the United States and in the international arena that may implicate reliability requirements in the context of climate change initiatives.
- Tracking equipment changes and developing technologies that have the potential to impact reliability parameters.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.3

Percentage of proposed Reliability Standards on which the Commission will issue a Final Rule within 18 months of filing	
FY 2010	75%
FY 2011	75%
Reduction in the number of repeat violations by an audited or investigated entity, particularly of Reliability Standards involving high Violation Risk Factors	
FY 2010	Establish tracking process
FY 2011	Track violations per entity
Track related reliability studies performed in the national and international arena that will provide a basis for establishing and developing reliability parameters	
FY 2010	Establish contacts and develop research, data collection and reporting processes
FY 2011	Track studies and identify or propose reliability parameters. Perform initial analysis to assess if they are feasible for the bulk-power system



INITIATIVES THAT SUPPORT THE COMMISSION

Human Capital Management.

The Commission, in line with its strategic priorities, continues to focus its human capital recruitment and retention efforts in the electric reliability, cyber-security and enforcement programs.

To meet its responsibilities, including the relatively new authorities in reliability and enforcement, it is essential that the Commission continue to increase its core of highly skilled, uniquely experienced staff members, specifically electrical engineers. In recent years, the Commission has had difficulty in hiring electrical engineers because of their high demand in the private sector and a decline in the number of students entering the field. Recruiting senior electrical engineers, specifically those with an understanding of bulk power systems, has been extremely difficult. As a result, the Office of Personnel Management granted the Commission Direct Hire Authority for electrical engineer positions at grades 13-15 until December 2010.

In FY 2011, the increase in FTE authority and the projected attrition is expected to leave the Commission in a position to hire approximately 165 new staff and provide support services to 1,539 FTEs. To address current human resources system inefficiencies, the Commission’s human resources and payroll operations transitioned to the Department of Interior’s National Business Center which will result in a projected savings of \$1.6 million annually beginning in FY 2011. Throughout FY 2011, the Commission will examine other National Business Center human resources system modules to support staff growth; streamline operations; and provide real-time hiring and workforce information to managers and applicants. National Business Center’s human resources system will provide enhanced data mining capabilities that are required to adequately analyze and refine the Commission’s workforce requirements.

Background Facts
Average age of the Commission’s workforce is 45
Average age of executive staff is 52
Staff retires at 60 years old with 30 years of service
Staff eligible to retire voluntarily in FY 2011 is 386 or 25%
Mainstream occupations are: Accountants, Auditors, Attorneys, Analysts, Environmental Scientists and Engineers other than Electrical Engineers, which are considered mission critical occupations



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APPENDIX A

Historic Actual Performance Results FYs 2006 - 2009

Energy Infrastructure Performance Data.¹³

FY 2006		
Performance Measurement	Performance Target	Result
Develop strategic plan and timeline for transmission line siting group	By August 31, 2006	Target Met. The strategic plan and timeline were in place by August 31, 2006. Steps have been taken to establish a transmission line siting group including: the issuance of a Notice of Proposed Rulemaking (NOPR) to establish the necessary rules and regulations to process applications filed with the Commission and posting openings to fill these essential positions.
Issue final rules on mandatory pre-filing process for LNG terminal proposals	Within 60 days of enactment of EPOA 2005	Target Met. The Commission issued regulations on the mandatory pre-filing process for LNG terminal proposals within 60 days of the enactment of EPOA 2005. The Pre-Filing Rule was issued on October 7, 2005 in Docket No. RM 05-31-000, Order 665; the effective date of the rule was November 17, 2005.
Complete Memorandum of Understanding (MOU) with Secretary of Defense on coordination of LNG facilities affecting active military installations	By March 31, 2006	Target Not Met. Both DoD contacts retired or were transferred during negotiations. A new DoD contact was assigned in July 2006 and negotiations are underway again. This did not impact operations.
Issue reports to Congress on Alaska Natural Gas Pipeline	Reports issued in February 2006 and August 2006	Target Met. Reports issued February 1 and July 10, 2006.

13. This performance data is aligned with the former Strategic Goal: Energy Infrastructure.

FY 2006		
Performance Measurement	Performance Target	Result
Establish rules for transmission infrastructure incentives	Issue rules by August 8, 2006	Target Met. Docket No. RM06-4-000; Final Rule, Order No. 679, "Promoting Transmission Investment through Pricing Reform," issued July 20, 2006.
Identify requirements for establishing a communications system with transmission owners and RTOs on status of transmission lines	Issue report to Congress by February 4, 2006	Target Met. Report entitled "Steps to Establish a Transmission Monitoring System for Transmission Owners and Operators within the Eastern and Western Interconnections," submitted to Congress on February 2, 2006.
Establish process to review ERO proposed initial reliability standards	By March 31, 2006	Target Met. Developed a rulemaking process and timeline for addressing the initial reliability standards; the process and timeline were approved by the Commission in March 2006.
Issue report to Congress on operator training	By December 31, 2005	Target Not Met. Although a comprehensive study of the current state of control room operator training across the bulk power system of the United States was completed in early December, the report has not yet been sent to Congress. The Commission is currently involved in a comprehensive rulemaking related to ERO reliability standards which will include standards related to operator training. This did not negatively impact operations.
Percentage of qualifying, major, on-shore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	100%
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	<ul style="list-style-type: none"> ▪ 94% ▪ 100%
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within one year of filing	100%
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 18 months of filing	100%
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected at least once every eight weeks	100%
Percentage of LNG import terminals inspected	100% inspected annually	100%
Percentage of LNG peak-shaving terminals inspected	50% inspected annually	50%
Percentage of ILP pre-filing notices for NOI/PAD and initial scoping document issued	85% within 60 days of NOI/PAD filing	100%
Percentage of ILP pre-filing scoping meetings and site visits completed	85% within 90 days of NOI/PAD filing	100%

FY 2006		
Performance Measurement	Performance Target	Result
Percentage of ILP pre-filing study plan determinations completed	85% within 315 days of NOI/PAD filing	100%
Percentage of final NEPA documents issued for ALP/TLP cases with settlement agreements	85% within 12 months	94%
Percentage of final NEPA documents issued for ALP/TLP cases without settlement agreements	85% within 24 months	94%
Percentage of non-independent transmission provider open access transmission tariffs that have standard generator interconnection procedures in compliance with Order No. 2003 and small generator final rule	75% by September 30, 2006	<p>Target Met. 100% compliance with Order No. 2006, "Standardization of Small Generator Interconnection Agreements and Procedures," issued May 12, 2005, was established through language contained in paragraph 544 of the Final Rule, as follows: "On the effective date of this Final Rule...the OATTs [open access transmission tariffs] of all non-independent Transmission Providers are deemed revised to include the Final Rule SGIP [Standard Generator Interconnection Procedures] and SGIA Standard Generator Interconnection Agreement]." In accordance with other language in the same paragraph, no further amendment to include the SGIP and SGIA in a Transmission Provider's OATT is required until compliance is due in the Commission's pending rule-making on Electronic Tariff Filings.</p> <p>Compliance with Order No. 2003 (large generator rule) was completed and reported on during FY 2005 (see previous results).</p>
Percentage of cases for cost recovery, new services, or changes to existing services processed	<ul style="list-style-type: none"> ▪ 100% of NGA section 4 cases in 30 days ▪ 100% of FPA section 205 cases in 60 days 	Target Met. 100% of the more than 3,350 statutory cases were completed by the statutory action date.
Percentage of rate cases set for hearing completed according to the established schedule	<ul style="list-style-type: none"> ▪ 75% of Track I cases in 29.5 weeks ▪ 75% of Track II cases in 47 weeks ▪ 75% of Track III cases in 63 weeks 	<ul style="list-style-type: none"> ▪ There were no Track I cases ▪ 90% of Track II cases in 47 weeks ▪ 94% of Track III cases in 63 weeks
Percentage of rate cases set for hearing that achieve partial or complete consensual agreement	75%	78%
Percentage of Commission Opinions issued once Briefs Opposing Exceptions to Initial Decisions are filed	90% within 12 months	Target met. 100% (10 of 10) Initial Decisions processed within 12 months of Briefs Opposing Exceptions.
Percentage of merit orders accepting, modifying, or rejecting timely filed cost recovery proposals for new infrastructure submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 96% of the 120 merit orders to resolve cost recovery proposals for new infrastructure were issued by statutory or requested date as applicable. In the case of gas pipeline certificate applications, contributed rate inserts to allow timely completion.

FY 2006		
Performance Measurement	Performance Target	Result
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 45 days of license issuances.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	100%
Participation in NERC / industry reliability readiness reviews	<ul style="list-style-type: none"> ▪ 100% of the Reliability Coordinators ▪ Large entities which represent 80% of the load served by all entities reviewed by NERC 	Target Met. FERC participated in 100% of NERC's Reliability Coordinator reviews (5 of 5), and participated in 22 readiness reviews of large entities which represent 94.5% (125,503 MW) of the load served by all entities reviewed by NERC (132,796 MW).
Issue final rule on Electric ERO certification and mandatory reliability standards enforcement	Rule issued by February 4, 2006	Target Met. Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the ERO; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of new RTOs or ISOs performing reliability functions included in Orders No. 2000 or No. 888, respectively	100%	No new RTOs or ISOs were established during the performance period.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred reliability costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 394 merit orders to resolve cost recovery proposals for reliability were issued by statutory or requested date, as applicable.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred safety and security costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 20 relevant filings (i.e., oil pipelines) were completed by the statutory action date.
Percentage of high- and significant-hazard-potential dams inspected annually	100%	100%
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	100%
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	100%
Number of instances of unauthorized access to CEII	No instances	Target met. No instances.
Number of complaints from CEII requesters on inability to participate in a proceeding due to failure to obtain CEII in a timely manner	None	Target met. None.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Resolve Regulatory and Other Challenges to Needed Development		
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2007	Target Met. Reports were issued on January 31 and August 15, 2007.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	Targets Met. <ul style="list-style-type: none"> ▪ 98% of unprotested cases were completed within 159 days of filing. ▪ 100% of protested cases were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 100% of cases of first impression or larger policy implications were completed within 365 days of filing.
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 94% of cases requiring a major environmental assessment or EIS were completed within 480 days of filing.
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants (6 of 6) where construction was occurring were inspected at least every 8 weeks.
Percentage of ILP pre-filing study plan determinations completed	85% within 150 days of applicant's filing of the proposed study plan	Target Met. 90% (9 out of 10) ILP pre-filing study plan determinations were completed within 150 days of applicant's filing of the proposed study plan.
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 100% for regional and issue-based infrastructure conferences ▪ 100% for Commission- and Congressional-directed studies 	Targets Met. <ul style="list-style-type: none"> ▪ 100% of infrastructure studies completed for regional and issue-based conference. ▪ 100% of infrastructure studies completed for Commission- and Congressional-directed studies.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. Of the 18 projects that utilized the pre-filing process, 100% had final NEPA documents within 8 months of filing a complete application.
Timeliness of filings processed containing amendments to non-independent electric transmission provider OATTs	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 126 amendments to non-RTO/ISO OATTs completed within 60-day statutory timeframe.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of applications processed for incentive rates under section 205 of the FPA	Processed by the statutory deadline for rate filings or the applicants' requested date, whichever is later	Target Met. 100% of the 11 statutory incentive rates cases were processed within statutory timeframes.
Process cost recovery cases within reasonable timeframes (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases addressed by Commission order within statutory deadlines ▪ 95% of certificate cases within 12 months or applicants' requested date, whichever is later ▪ 90% of cases set for hearing within 12 months of briefs opposing exceptions 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 100% of all 3,164 statutory items, including cost recovery cases, were completed within statutory due dates. ▪ In certificate work, 97%, or 60 of 62 cases requiring rate inserts, were completed timely. Even in the cases that were unavoidably delayed—one due to Coast Guard involvement in approving LNG facility, and the other subject to environmental issues because the company did not use the NEPA pre-filing process—the rate analyses were provided to the lead Office within the required time period. ▪ 100% issued within 12 months.
Establish price volatility baseline	By September 30, 2007	<p>Not Applicable. The Commission proposed to establish a price volatility baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff reviewed available price data and concluded that a price volatility baseline was not feasible. Because of the lack of available data, this performance measure has been discontinued.</p> <p>Program performance was not negatively impacted as a result of not establishing a price volatility baseline.</p>
Establish out-of-merit dispatch baseline	By September 30, 2007	<p>Not Applicable. The Commission proposed to establish an out-of-merit dispatch baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff contacted transmission operators and found that their data is inconsistent across transmission systems and does not allow for meaningful analyses to establish this baseline. Because of the lack of consistent data, this performance measure has been discontinued.</p> <p>Program performance was not negatively impacted as a result of not establishing an out-of-merit dispatch baseline.</p>

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Assure Reliability of Interstate Transmission Grid		
Percentage of proposed reliability standards reviewed	100%	<p>Target Met. Docket No. RM06-16-000; Final Rule, Order No. 693, "Mandatory Reliability Standards for the Bulk-Power System," issued March 16, 2007, in which the Commission approved 83 of 107 proposed Reliability Standards, and directed significant improvements to 56 of those standards. The Commission also required submission of further information in order to evaluate the adequacy of the remaining 24 standards.</p> <p>The initial 83 standards became mandatory and enforceable on June 18, 2007.</p> <p>In addition, the Commission approved 8 regional standards in Docket No. RM07-11-000; "Order Approving Regional Reliability Standards for the Western Interconnection and Directing Modifications," issued June 8, 2007.</p>
Develop procedures to review the performance of the ERO	Complete by March 31, 2007	Target Met. Procedures were outlined in Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the ERO; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of NERC / industry reliability readiness reviews of Reliability Coordinators in which FERC participates	100%	Target Met. FERC participated in all 4 of NERC's Reliability Coordinator reviews.
Percentage of load served, included in NERC / industry reliability readiness reviews, in which FERC participates	50%	Target Met. FERC participated in 22 readiness reviews of large entities which represent just over 80% (332,244 MW) of the load served by all entities reviewed by NERC (414,101 MW).
Percentage of ERO penalty action rulings reviewed to prevent inappropriate rulings from going into effect by default	100%	No activity, as the standards only became mandatory on June 18, 2007, and no ERO proposed penalties were filed in FY 2007.
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of all high and significant hazard-potential dams were inspected annually.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of all high- and significant-hazard potential dams meet current structural standards or are undergoing investigation or remediation.
Percentage inspected annually: <ul style="list-style-type: none"> ▪ LNG import terminals ▪ LNG peak-shaving facilities 	<ul style="list-style-type: none"> ▪ 100% ▪ 50% 	Targets Met. <ul style="list-style-type: none"> ▪ All 5 of the operating LNG import terminals were inspected. ▪ 6 of the 12 peak-shaving facilities were inspected.

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

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final NEPA documents issued for ALP/TLP cases: <ul style="list-style-type: none"> ▪ with settlement agreements ▪ without settlement agreements 	<ul style="list-style-type: none"> ▪ 85% within 12 months ▪ 85% within 24 months 	Targets Met. <ul style="list-style-type: none"> ▪ 100% of final NEPA documents (5 of 5) were issued <u>within 12 months</u> for ALP/TLP cases with settlement agreements. ▪ 100% of final NEPA documents (16 of 16) were issued <u>within 24 months</u> for ALP/TLP cases without settlement agreements.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were sent out within 45 business days of license issuance date.
Percentage of qualifying, major, on-shore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	Target Met. Of the 30 pipeline projects under active construction in FY 2007, 100% were inspected at least once every four weeks.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met. 100% (125 out of 125) amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe.
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2008	Target Met. Reports were issued February 19 and August 29, 2008.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	<ul style="list-style-type: none"> ▪ Target Met. 94% of unprotested pipeline certificate cases with no precedential issues were completed within 159 days of filing. ▪ Target Met. 100% of protested pipeline certificate cases with no precedential issues were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 97% of pipeline certificate cases of first impression or containing larger policy implications were completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Not Met. 75% (6 of 8) of pipeline certificate cases requiring a major environmental assessment or environmental impact state were completed within 480 days of filing. Bradwood Landing Project (CP08-365-000, et al, issued September 18, 2008) required additional time due to an unusually large number of environmental issues which resulted in processing delays beyond FERC's control. This project was the first new LNG import terminal and related sendout pipeline to serve the Pacific Northwest. Broadwater Energy Project (CP06-54 issued March 20, 2008) also required additional time due to novel environmental issues which resulted in processing delays beyond FERC's control. This project was the first floating terminal for the storage and delivery of LNG in the United States. There were no adverse impacts as a result of these two delays.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 87% of NEPA documents were completed within 8 months of determining a pipeline or LNG facility application was complete for projects utilizing the pre-filing process.
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of ILP pre-filing study plans determinations were completed within 30 days of the applicant filing a revised study plan.
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies 	<ul style="list-style-type: none"> ▪ Target Met. 100% of regional and issue-based infrastructure studies were completed for regional and issue-based infrastructure conferences. ▪ Target Met. 100% of infrastructure conferences were completed for Commission- and Congressional-directed studies.

Encourage Investment and Effect Timely Cost Recovery		
Timeliness of processing complete applications for incentive rates	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later. 	<ul style="list-style-type: none"> ▪ Target Met. 100% (16 out of 16) statutory incentive rate cases were processed within the statutory timeframes. ▪ Target Met. 100% filed within 180 days.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions 	<ul style="list-style-type: none"> ▪ Target Met. 100% (3,498 out of 3,499) statutory items, including cost recovery cases, were processed within statutory deadlines; only one filing missed its deadline by three business days ▪ Target Met. 96% (55 out of 57) of rate inserts were processed within the appropriate timeframe. ▪ Target Met. 100% filed within 12 months of briefs opposing exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target Met. All EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target Met. 100% of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target Met. 100% of financial accounting filings were completed within 60 days of filing date.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target Met. 99% of reporting requirement filings were completed within 60 days.

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2007	Target Met. Order was issued on October 18, 2007.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target Met. 100% of Reliability Standards were remanded or approved within 18 months of filing. 100% of Cyber Security Standards were approved within 18 months of being filed.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	N/A. The ERO's submission is not due until July 2009. The Commission will review the performance of the ERO within 12 months of their submission.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	Target Met. Participated in 100% of ERO/industry reliability readiness evaluations of Reliability Coordinators (i.e., California-Mexico, Rocky Mountain-Desert Southwest, SPP, and ERCOT Reliability Coordinators).
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 11 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target Met. 100% (37 out of 37) penalty action rulings were reviewed to prevent inappropriate rulings from going into effect. They were accepted by operation of law, <i>Guidance on Filing Notices of Penalty</i> , 124 FERC ¶ 61,015 (July 3, 2008)

Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of high- and significant-hazard-potential dams met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of peak shaving plants were inspected according to the biennial schedule.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of the LNG facilities either met all current safety standards or received a compliance letter.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Control access to CEII	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.

Incorporate Environmental Considerations into Commission Decisions		
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 60 days of license issue date.
Percentage of final NEPA documents issued for ALP/TLP cases: <ul style="list-style-type: none"> ▪ with settlement agreements ▪ without settlement agreements 	<ul style="list-style-type: none"> ▪ 75% within 12 months of settlement filing date ▪ 75% within 24 months of REA date 	<ul style="list-style-type: none"> ▪ Target Met. 100% of final NEPA documents were issued for ALP/TLP cases with settlement agreements within 12 months of the settlement filing date ▪ Target Met. 100% of final NEPA of final NEPA documents were issued for ALP/TLP cases without settlement agreements within 24 months of the REA date
Percentage of qualifying, major, on-shore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 98% of qualifying, major, onshore-pipeline projects were inspected at least once every four weeks during ongoing construction activity.

FY 2009		
Strategy		
Performance Measurement	Performance Target	Results
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission pro-vider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 62 amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2009	Target Met. Reports issued in February and August 2009.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	<ul style="list-style-type: none"> ▪ Target Met. 96.8% of unprotested cases completed within 159 days of filing ▪ Target Met. 100% of protested cases completed within 304 days of filing

FY 2009		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 94.7% of first impression cases completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 100% of major cases completed within 480 days of filing
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 100% of NEPA documents completed for projects utilizing the pre-filing process within 8 months of determining an application was complete
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction activity
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of determinations were completed within 30 days of applicant filing revised study plan for Commission approval
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies 	<ul style="list-style-type: none"> ▪ Target Met. 100% studies completed for regional and issue-based infrastructure conferences ▪ Target Met. 100% studies completed for Commission- and Congressional-directed studies
Percentage of electric transmission siting cases completed	90% within 365 days of filing	n/a. One electric transmission case entered the pre-filing stage, but it was withdrawn.
Timeliness of processing complete applications for incentive rates	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later. 	<ul style="list-style-type: none"> ▪ Target Met - 100% of the 15 statutory incentive rate cases were processed within the statutory timeframes ▪ Target met; 100% (6 of 6) of declaratory orders related to incentive rates were filed within target dates.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions 	<ul style="list-style-type: none"> ▪ Target Met - 100% of the 3,808 statutory items, including cost recovery cases, were processed within the statutory deadlines ▪ Target Met. Provided timely rate inserts for 94% (47 out of 50) of the cases that were targeted for completion by the lead office during the fiscal year ▪ Target not met; 50% (2 of 4) filed within 12 months of Briefs Opposing Exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target met. 100 percent of EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target met. 100 percent of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target met. 97 percent of financial accounting filings were completed on time.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target met. 100 percent of reporting requirement filings were completed within 60 days.

FY 2009		
Strategy		
Performance Measurement	Performance Target	Results
Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2008	Target met. The draft order approving the 2009 ERO/RE budgets and business plans was issued in Docket No. RR08-6-000 on October 16, 2008.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target met. 100% of filed reliability standards have orders issued within 18 months.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	n/a. ERO performance assessment filing was made on July 20, 2009 in Docket No. RR09-7-000, with a targeted completion date of December 2009.
Number of ERO Regional Entity compliance audits in which FERC participates	At least one in each of the eight regions	Target met. Participated on 8 Regional Entity audits, one in each region, by June 25, 2009.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	N/A. The ERO/industry reliability readiness evaluations of Reliability Coordinators were discontinued in FY2009.
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 2 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target met. In FY 2009, 35 Notices of Penalty covering 83 violations were filed. All 35 were reviewed for appropriateness of the finding of violation and penalty and accepted by operation of law, with a public notice of each acceptance issued within the required period for Commission action.
Assess Notices of Alleged Violation and Sanction received from the ERO	Review 60% of Notices of Alleged Violation and Sanction received from ERO within two weeks of receipt for appropriateness of sanction	Target met. In FY2009, 149 Notices of Alleged Violations and Sanctions covering 579 alleged violations were submitted through the portals. Each was reported on and recorded routinely by way of (1) The Overview of Reliability Orders, Matters and Deadlines Chart, and (2) The Pending Case Report prepared by the Division of Investigations.
Timeliness of reporting to the Commission on ERO and Regional Entity audits	Within 120 days of the Commencement Letter	Target met. 100 percent (3/3) of Regional Entity audits reported to the Commission within 120 days.
Percentage of ERO and Regional Entity audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (20/20) of Regional Entity audit recommendations implemented in 6 months.

FY 2009		
Strategy		
Performance Measurement	Performance Target	Results
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant- -hazard-potential dams inspected annu-ally	90%	Target Met. 90% of high- and significant-- hazard-potential dams inspected
Percentage of high- and significant-- hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or reme-diation	90%	Target Met. 90% of high- and significant- hazard-potential dams either met all current structural safety standards or are undergoing investigation or reme-diation.
Percentage of LNG peak-shaving facili-ties inspected biennially	90%	Target Met. 100% of LNG peak-shaving facilities were inspected
Percentage of LNG import terminals in-spected annually	90%	Target Met. 100% of the LNG import terminals were inspected
Percentage of qualifying dams that ei-ther comply with EAP requirements or are con-ducting follow-up action(s) on outstanding item(s)	90%	Target Met. 90% of qualifying dams complied with EAP require-ments or are conducting follow-up action(s) on outstanding item(s)
Control access to CEII	No instances of improper access or im-proper denial affecting national security or Commission proceedings	Target Met. No instances.

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

Competitive Markets Performance Data.¹⁴

FY 2006		
Performance Measurement	Performance Target	Data Source
Review and propose revisions to OASIS standards	By June 30, 2006	Target Met. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 25, 2006.
Assess demand response	Issue annual report by August 8, 2006	Target Met. Staff report, "Assessment of Demand Response & Advanced Metering" (Docket No. AD-06-2-000) was delivered to Congress on August 4, 2006.
Issue final rule to implement PUHCA provisions of EPAAct 2005	By January 31, 2006	Target Met. Final rule was issued on December 8, 2005.
Issue rules governing market manipulation in electricity and gas markets	By September 30, 2006	Target Met. The final rule (Order 670) was issued January 19, 2006 and an order denying rehearing was issued March 22, 2006 in Docket Nos. RM06-3, et al., Final Rule Prohibiting Energy Market Manipulation.
Movement toward competitive markets in each region, including greater interregional coordination of broader, more efficient, and non-discriminatory energy markets	Increase in: <ul style="list-style-type: none"> ▪ new, independent regional transmission providers ▪ coordination between RTOs or between RTOs and neighboring non-member utilities 	Target Met. Some examples: <ul style="list-style-type: none"> ▪ In order to create a more seamless administration between the tariffs of the Midwest ISO's energy markets and the non-market operations of MAPP members that do not belong to the Midwest ISO, the Commission approved MAPP's proposal to conform its ATC calculation methodologies to provisions of the Seams Operating Agreement between MAPP and the Midwest ISO. ▪ The Commission approved proposed revisions to the SPP/Midwest ISO JOA and to the Congestion Management Process (CMP) which is incorporated in the JOA to align them more closely with the JOA and CMP of the Midwest ISO/PJM. ▪ Action was taken on Midwest ISO and PJM and their respective transmission owners' proposed revisions to the JOA for allocating to customers in each RTO the cost of new transmission facilities that are built in one RTO but provide benefits to customers in the other RTO (the so-called cross-border facilities).
Increased presence at RTOs, to improve relationships with and knowledge of existing RTOs	Creation and staffing of an office at any new RTO within 6 months of commencement of operations (including establishment of virtual office processes)	No new RTOs were established during the performance period. All existing RTOs have either staff on location or a virtual office process in effect.

14. This performance data is aligned with the former Strategic Goal: Competitive Markets.

FY 2006		
Performance Measurement	Performance Target	Data Source
Percentage of filings to establish RTOs, ISOs, or ITCs processed	100% completed within 6 months of filing or before applicants' proposed effective date (whichever is later)	No filings were received to establish new RTOs, ISOs, or ITCs during the performance period.
RTO / ISO establishment of cost-effective market design elements per Order No. 2000	<p>Within three years of commencement of operation, each approved RTO or ISO will implement (if cost effective):</p> <ul style="list-style-type: none"> ▪ firm transmission rights ▪ resource adequacy approaches ▪ regional independent grid operation ▪ regional transmission planning processes ▪ appropriate market monitoring and market power mitigation ▪ transparency and efficiency in congestion management ▪ spot markets to meet customers' real-time energy needs ▪ fair cost allocation for existing and new transmission 	<p>Target Met. With the exception of SPP, all RTOs/ISOs (PJM, ISO-NE, NY-ISO, Midwest ISO, and CAISO) have been operational over 3 years and all have implemented cost-effective market design elements.</p> <p>SPP has been operating as an RTO since November 1, 2004, and has received authorization during FY 2006 to commence a real-time energy imbalance market, as well as having received approvals for its market monitoring and mitigation plans.</p>
<p>Demonstrable improvements in regional competitive market transparency and independence</p> <p>(continued on next page)</p>	<p>In each region of the country, there will be:</p> <ul style="list-style-type: none"> ▪ RTO adoption of additional market-oriented features, programs or rules ▪ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ▪ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs <p>(continued on next page)</p>	<p>Target Met. During FY 2006, the Commission acted on a number of proceedings related to improving competitive market transparency and independence.</p> <p>Some actions by the Commission will have nationwide impact. In May 2006, the Commission issued a NOPR proposing amendments to its regulations and the <i>pro forma</i> OATT to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. The NOPR aims to strengthen the OATT and address deficiencies that have become apparent since its adoption 10 years ago, particularly in the areas of ATC calculation and transmission planning.</p> <p>In addition, the Commission approved four proposals by vertically integrated utilities (Duke, Mid-American, Entergy, and Louisville Gas & Electric) to contract with an independent entity to serve as the independent coordinator of transmission (ICT). The ICT performs oversight over these utilities' transmission systems, including authority to administer utilities' OATT.</p> <p>(continued on next page)</p>

FY 2006		
Performance Measurement	Performance Target	Data Source
<p>(continued from previous page)</p> <p>Demonstrable improvements in regional competitive market transparency and independence</p> <p>(continued on next page)</p>	<p>(continued from previous page)</p> <p>In each region of the country, there will be:</p> <ul style="list-style-type: none"> ▪ RTO adoption of additional market-oriented features, programs or rules ▪ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ▪ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs <p>(continued on next page)</p>	<p>(continued from previous page)</p> <p>Other actions taken on proceedings related to establishing new or revised market rules, rule changes in RTOs, and increased transmission independence were region-specific. For example:</p> <p><u>East</u></p> <p>In the New England area, the Commission issued an order accepting a proposal filed by ISO-NE and NEPOOL which included, most significantly, the addition of a locational component to the existing Forward Reserve Market and the coordination and optimization of pricing of energy and reserves in real time to be effective October 1, 2006, or later date.</p> <p>In addition, the Commission approved a contested settlement that provided an alternative to the Locational Installed Capacity mechanism called the Forward Capacity Market (FCM). The Commission found that the FCM, in conjunction with an interim mechanism, will provide the revenues needed by generators to preserve reliability in New England. The Commission also found that the forward looking nature of the FCM will provide appropriate price signals to investors when new infrastructure resources are necessary with sufficient lead time to allow that infrastructure to be put in place before reliability is sacrificed.</p> <p>(Continue on next page)</p>

FY 2006		
Performance Measurement	Performance Target	Data Source
<p>(continued from previous page)</p> <p>Demonstrable improvements in regional competitive market transparency and independence</p>	<p>(continued from previous page)</p> <p>In each region of the country, there will be:</p> <ul style="list-style-type: none"> ▪ RTO adoption of additional market-oriented features, programs or rules ▪ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ▪ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs 	<p>(Continued from previous page)</p> <p>With respect to the PJM area, the Commission issued an initial order on PJM's proposed reliability pricing model (RPM) designed to replace its existing capacity obligation rules. The Commission found the existing capacity rules to be unjust and unreasonable to ensure energy resources to meet reliability responsibilities, and established further procedures to resolve the remaining issues. At the same time, the Commission encouraged the parties to continue to seek a negotiated resolution, and offered the Commission's settlement judge procedures to facilitate these discussions.</p> <p><u>Central:</u> For the Midwest ISO region, the Commission approved the continuation of mitigation in Broad Constrained Areas; action on proposed revisions to real-time revenues sufficiency guarantee (RSG) payments; approval of revised rules defining less-than-seasonal FTR entitlements for network resources; approval of contractual arrangements related to the market monitor and balancing authorities; as well as offering guidance on Midwest ISO's future plans to implement ancillary service markets and an energy-only market.</p> <p>For the SPP region, the Commission provided guidance and approvals related to SPP's proposal to establish a real-time energy imbalance market.</p> <p>Regarding revisions to the OATT, the Commission approved various revisions to the Midwest ISO's creditworthiness provisions, reactive power requirements, as well as changes to the Midwest ISO <i>pro forma</i> interconnection agreement which reflect improvements or regional variations needed based upon its operational experience, including new pricing provisions.</p> <p><u>West:</u> In September 2006, the Commission conditionally approved the CAISO MRTU market reforms and enhancements, such as a financially binding day-ahead market and more effective congestion management system. Elements of MRTU are intended to fix market design flaws, enhance reliability, better protect wholesale customers from price volatility and gaming, incorporate price-responsive demand in the markets, and encourage construction of new resources.</p>

FY 2006		
Performance Measurement	Performance Target	Data Source
Percentage of section 203 applications processed	98% completed within 90 days of the comments filing date	Target Met. 100% of the 145 section 203 corporate filings were processed by target completion dates in FY 2006.
Issue final rule on RTO and ISO accounting to improve oversight of RTO and ISO costs	By January 31, 2006	Target met. A final order on RTO accounting and financial reporting was issued on December 16, 2005 in Docket RM04-12-000, Order No. 668.
Percentage of market-based rate filings processed	100% of new filings within 60 days of filing date	Target Met. 100% of the 534 market-based rate filings were completed by the targeted deadline in FY 2006.
Percentage of competitive energy markets and market institution cases set for hearing completed according to the established schedule	<ul style="list-style-type: none"> ▪ 75% of Track I cases in 29.5 weeks ▪ 75% of Track II cases in 47 weeks ▪ 75% of Track III cases in 63 weeks 	<ul style="list-style-type: none"> ▪ There were no Track I cases ▪ 87% of Track II cases in 47 weeks ▪ There were no Track III cases
Percentage of competitive energy markets and market institution cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Percentage of applications filed by RTOs and ISOs to revise market rules to not inhibit demand response processed	100% within statutory deadlines	<p>Target Met. The Commission processed all 5 filings involving demand response enhancements within the statutory deadlines:</p> <ul style="list-style-type: none"> ▪ PJM submitted agreements to enhance demand response in the PJM region in a number of ways, including allowing demand resources to participate in PJM's ASM by bidding into the PJM reserve markets. ▪ ISO-NE's ASM Phase II will include measures allowing the owners of demand resources to bid their resources directly into the energy and reserve markets on an equal footing with generating resources. This change will establish the supporting market infrastructure that is needed to develop fully the potential for demand participation in the wholesale markets. ▪ NYISO's filing eliminated the sunset dates for NYISO's Day-Ahead Demand Response Program and its Emergency Demand Response Program. ▪ ISO-NE's proposal to establish a demand response reserve pilot program to test whether certain resources can reliably provide 30-minute and 10-minute Operating Reserve services. ▪ CAISO's MRTU tariff provides loads with demand response capability the opportunity to participate in the CAISO day-ahead, real-time, and ancillary services markets under comparable terms as supply.

FY 2006		
Performance Measurement	Performance Target	Data Source
Support development of robust customer demand-side participation in energy markets in areas where it does not exist	Meet at least annually to discuss demand response issues with appropriate state commission officials	Target Met. Held technical conference on demand response in January 2006, where state representatives, including several state commissioners from all regions of the U.S., participated on panels. Met with NARUC officials in January 2006 to discuss Commission demand response report and seek their assistance in the FERC demand response and advanced metering survey. Met in April 2006 with Midwestern state officials, primarily Illinois Commissioners, on the development of a regional demand response initiative. Discussed demand response report with state officials and Commissioners at various events including the NARUC Winter Meeting in February 2006 and an EPRI Summer Seminar on Energy Efficiency and End-Use Technologies in August 2006.
Percentage of proposed NAESB business practice standards rulemakings completed	<ul style="list-style-type: none"> ▪ 100% of non-controversial rulemakings within 9 months ▪ 100% of controversial rulemakings within 12 months 	Target Met. During FY 2006, the Commission issued a final rule adopting the Wholesale Electric Quadrant's controversial first set of business practice and communication standards within 12 months of receiving NAESB's complete proposal. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," was issued April 25, 2006.
Percentage of initial orders completed on third-party complaints	<ul style="list-style-type: none"> ▪ 80% within 60 days ▪ 95% within 180 days 	60-day target not met. 49% (28 of 57 {1 projected}) issued within 60 days. This was an internal deadline, not statutorily based, and did not have a negative impact on operations. 180-day target met. 95% (49 {1 projected} of 51 {1 projected}) issued within 180 days.
Percentage of initial orders completed on fast track third-party complaints	90% within prescribed time frame	Target Met. One filing was received and completed on time.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Employ Best Practices In Market Rules		
Timeliness of review of proposed market rules	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 358 filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates.
Percentage of proposed NAESB business practice standards rulemakings completed	<ul style="list-style-type: none"> ▪ 100% of unopposed rulemakings within 9 months ▪ 100% of all rulemakings within 12 months 	<p>Targets Met. The Commission issued two NAESB business practice standards rulemakings during the fiscal year, both completed within 9 months of issuance of the notice of proposed rulemaking, as follows:</p> <p>Docket No. RM05-5-003; NOPR issued February 20, 2007; Final Rule, Order No. 676-B, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 19, 2007; and</p> <p>Docket Nos. RM96-1-027 and RM05-5-001; NOPR issued October 25, 2006; Final Rule, Order 698, "Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities," issued June 25, 2007.</p>
Timeliness of applications processed on requests to encourage demand response in organized markets	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 15 filings were acted on within 60-day statutory due dates.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of review of filings to reduce or eliminate seams between organized markets	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 10 filings dealing with seams issues were completed by statutory due dates. In addition, two major orders were issued related to the California ISO's Market Redesign Technology Update (MRTU) addressing seams issues between CAISO and neighboring systems in the Western Interconnect. A technical conference was held on December 15, 2006, in Phoenix, Arizona, to address these western seams issues; and on March 29, 2007, a second conference was held in Washington, DC, to address eastern seams issues.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Assure Proposed Mergers and Acquisition Are in the Public Interest		
Percentage of merger authorizations upheld by the courts	90%	Target met. 100% of merger authorizations have been upheld by the courts.
Percentage of merged applicants reporting on compliance with merger conditions imposed by the Commission	100%	<p>Target Met. 100% of the 9 merger applicants reported on compliance, <i>if or as</i> applicable, with the four types of conditions—summary, notice of consummation, proposed accounting entries, and additional conditions—imposed by the Commission.</p> <p>It should be noted that most of the “additional” conditions only require compliance in the event that the merger applicants subsequently take some specific action. For example, in 5 of the 9 mergers, the Commission imposed a “hold-harmless” condition, requiring that if the applicants seek to recover merger-related costs through jurisdictional rates, they must show offsetting merger-related cost savings. As of yet, none of the applicants have sought to recover any merger-related costs, so they haven’t needed to make a compliance filing.</p>
Timeliness of processing applications for the disposition, consolidation, or acquisition under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	<ul style="list-style-type: none"> ▪ Within 180 days for non-major mergers ▪ Within 360 days for major mergers 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 100% of the 100 non-major dispositions were completed within 180 days. ▪ 100% of the 9 major merger cases were completed within 360 days.
Address Market Power in Jurisdictional Wholesale Markets		
Revise open access transmission tariff	Issue final rule by June 30, 2007	Target Met. Docket Nos. RM05-17-000 and RM05-25-000; Final Rule, Order 890, "Preventing Undue Discrimination and Preference in Transmission Service," issued February 16, 2007.
Timeliness of processing initial market-based rate filings	Within 60 days of filing date or by applicant’s requested date, whichever is later	Target Met. 100% of the 167 initial market-based rate applications were completed by the established target date.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Develop generation market power screens for electric market based rates	Issue final rule by June 30, 2007	Target Met. Docket No. RM04-7-000; Final Rule, Order 697, "Market-Based Rates for Wholesale Sales Of Electric Energy, Capacity And Ancillary Services By Public Utilities," issued June 21, 2007.
Act timely on complaints	80% within 60 days or, for fast-track cases only, within the designated time-frame	Target not met; 78%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	<ul style="list-style-type: none"> ▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later 	<ul style="list-style-type: none"> ▪ Target Met. 83% (40 of 48) filed within 60 days of the date of the answer. ▪ Target met. 98% (47 of 48) filed within 180 days of the date of the answer.
Timeliness of review of proposed RTO/ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met. 100% (410 out of 410) filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates
Percentage of proposed NAESB business practice standards rulemakings completed	100% of all proposed rulemakings within 12 months of receipt of comments	Target Met. The Commission issued one NAESB business practice standards rulemaking. Docket No. RM05-5-005, NOPR issued April 21, 2008; Final Rule, Order No. 676-C, "Standards for Business Practices and Communication Protocols for Public Utilities," issued July 21, 2008 (three months later)
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines, or by the applicant's requested date, whichever is later	Target Met. 100% (10 out of 10) filings were acted on by statutory due dates.
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met. Participated in and/or facilitated 34 sessions in first quarter, 36 sessions in second quarter, 33 sessions in third quarter, and 28 sessions in fourth quarter.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met. 100% (6 out of 6) filings dealing with border utility issues between markets were completed by statutory due dates.
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met. 100% (142 out of 142) of non-major dispositions were completed by the statutory deadlines Target Met. 100% (7 out of 7) of major merger cases were completed by the statutory deadline.
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met. 100% (156 out of 156) of initial market-based rate applications were completed by the established target date.
FY 2009		
Performance Measure	Performance Target	Results
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	<ul style="list-style-type: none"> ▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later 	<ul style="list-style-type: none"> ▪ Target met; 78% (28 of 36) filed within 60 days. ▪ Target met; 97% (35 of 36) filed within the 180 days.
Timeliness of review of proposed RTO/ ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met - 100% of the 221 filings from PJM, ISO New England, New York ISO, Southwest Power Pool, Midwest ISO, and California ISO were acted on by the statutory due dates
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines or by the applicant's requested date, whichever is later	Target Met - 100% of the 15 filings to encourage demand response were acted on by the statutory deadlines
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met - Participated in and/or facilitated 23 sessions in the first quarter, 24 sessions in the second quarter, 17 sessions in the third quarter, and 11 sessions in the fourth quarter of the fiscal year

FY 2009		
Performance Measure	Performance Target	Results
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete fil-ings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 8 filings dealing with border utility issues between markets were completed by the statutory due dates
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete fil-ings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met - 100% of the 95 non-major dispositions and the 1 major merger case were completed by the established deadlines
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met - 100% of the 189 initial market-based rate applications were completed by the established target date
Revise and clarify Standards of Conduct	Issue Final Rule by December 31, 2008	Target met. Order No. 717 revising Standards of Conduct for Transmission Providers issued October 16, 2008, and became effective November 26, 2008.

Enforcement Performance Data.¹⁵

FY 2006		
Performance Measurement	Performance Target	Data Source
Reduce duplicative information requests through coordination with CFTC	50% reduction by September 30, 2006	Target met. Investigations coordinated with CFTC on all known cases of joint interest and there were no known duplicative information requests.
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. Verified within 10 business days.
Review EQR submissions for completeness and contact companies that make up at least 80% of reported revenue for incomplete submissions	Within 10 business days of submission	Target met. Contacted 100% of companies in the EQR database that had filed incomplete submissions within 10 business days of filing deadline.
Conduct follow up reviews of companies that make up at least 80% of reported revenue on exercise of market power or market manipulation	Within 60 days of final submission	Target Met. Conducted follow-up reviews of EQR filers that make up at least 80% of reported revenue for the third quarter of 2005 for market manipulation or exercise of market power within 60 days of final submission.
Timeliness of reporting to Commission on important market events	Analysis complete within 60 days of event	Target Met. Provided the Commission with seven presentations at open Commission meetings, 26 Weekly Market Reviews beginning in April 2006 reviewing weekly market developments and performance, and seven end-of-day summaries on market conditions during heat waves in the summer of 2006.
Percentage of Hotline calls resolved	60% within 2 weeks of initial contact	Target Met. Since October 1, 2005, 80% of hotline calls were resolved within two weeks of initial contact.
Percentage of non-environmental, non-tribal ADR processes (agreed to by parties) concluded	75% within 120 days (convening and process)	Target Met. The DRS completed 25 cases in FY 2006 that were non-environmental and non-tribal, and in which the parties agreed to pursue an ADR process. Of these, 22 were completed within 120 days after being referred the DRS (88%).
Number of ADR requests and referrals to the DRS	Minimum number of requests and referrals equal to FY 2004	Target Met. The DRS addressed 70 new requests or ongoing cases from a previous year, involving gas, electric, hydroelectric, oil, and pipeline matters. This represents a 29.6% increase over FY 2004.
Favorable DRS customer satisfaction	80% customer satisfaction rate	Target Met. For training given by DRS, customer satisfaction rate was 89%. For casework concluded in FY 2006, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Percentage of market manipulation cases set for hearing completed according to the established schedule	<ul style="list-style-type: none"> ▪ 75% of Track I cases in 29.5 weeks ▪ 75% of Track II cases in 47 weeks ▪ 75% of Track III cases in 63 weeks 	There were no Track I, II, or III cases
Percentage of market manipulation cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Timeliness of reporting to the Commission on operational audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of operational audits were reported to the Commission within 120 days of Commencement Letters.

15. This performance data is aligned with the former Strategic Goal: Enforcement.

FY 2006		
Performance Measurement	Performance Target	Data Source
Percentage of operational audit recommendations issued and implemented	85%	Target Met. 100% of operational audit recommendations have been issued and implemented.
Timeliness of reporting to the Commission on financial audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of financial audits were reported to the Commission within 120 days of Commencement Letters.
Percentage of financial audit recommendations issued and implemented	85%	Target Met. 100% of financial audit recommendations have been issued and implemented.
Timeliness of reporting to the Commission on Standards of Conduct compliance audits	85% reported to the Commission within 120 days of Commencement Letter	No Standards of Conduct compliance audits were initiated during FY 2006.
Percentage of Enforcement investigations completed	75% within one year	Target Met. From October 1, 2005 to the present, 88% of cases were closed within one year (84% within 9 months and 60% within 6 months).

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Identify and Remedy Problems with Structure and Operations In Energy Markets		
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. 100% verification within 10 business days.
Evaluate and improve the usefulness of EQR data	<ul style="list-style-type: none"> ▪ Issue a data dictionary for all undefined fields with restricted entries ▪ Review the current EQR data structure and develop written recommendations for improvements 	Targets met. Issued Final Order in Docket No. RM01-8-006 on September 24, 2007 which defined all EQR fields and improved EQR data structure.
Number of RTO and ISO MMU performance metrics	Increase over FY 2006	Target met. One new RTO and ISO MMU performance metric was developed in FY2007 (increasing the number of performance metrics from 11 in FY 2006 to 12 in FY 2007).
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. 100% acted on within 30 days.
Percentage of organized markets reviewed and market structure and operations problems or deficiencies identified	100% reviewed and reports completed identifying market problems or deficiencies, if any, and recommended solutions	Target met. 100% of organized markets reviewed in daily oversight meetings, including all RTO/ISO markets, NY-MEX, ICE and other relevant markets. Results of continuing review communicated to Commissioners via Weekly Reports and to the public via the Market Oversight website and the State of the Markets Report. Seven major structure and operations problems were identified.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Timeliness of actions on problems or discrepancies identified in reviews of organized markets	With 6 months of completed report	Target met. Addressed all seven identified issues within six months of identification. Issues included: prices over \$400 in West, lack of transparency for intrastate pipelines, lack of transparency for natural gas sales and purchases, need to clarify role of MMUs in RTOs, PJM/MISO transmission issues, CenterPoint data reporting, and Rockies Gas Prices.
Publish annual assessment of infrastructure and market conditions for each region	Complete by June 30, 2007	Target met. The State of the Markets Report was completed in February 2007 and detailed market and infrastructure issues for the country as a whole. In addition the Seasonal Assessment was published for electric power on May 17, 2007, specifically addressing summer 2007 and the new Market Oversight website provides updates and detailed information for each region on a monthly basis.
Establish Clear and Fair Processes		
Improve Forensic Audits and Investigations IT tools	Implement capability to search e-mails and voice recordings by June 30, 2007	Target met. The capability to search voice recordings was implemented beginning in September 2006 and the capability to search e-mails was implemented beginning in August 2006.
Improve Forensic Audits and Investigations capabilities	90% of enforcement and compliance staff participate in forensics training and interviewing skills by June 30, 2007	Target met. 95% of enforcement and compliance staff received training on forensic interviewing and auditing. Classes were held in August 2005 and May 2006.
Timeliness of reporting to the Commission on operational audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of operational audits (24 out of 24 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of operational audit recommendations issued and implemented	90%	Target met. 100% of operational audit recommendations issued were implemented within 6 months.
Timeliness of reporting to the Commission on financial audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of financial audits (43 out of 43 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of financial audit recommendations issued and implemented	90%	Target met. 100% of financial audit recommendations issued were implemented within 6 months.

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

FY 2008		
Strategy		
Performance Measure	Target	Results
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. 45 Weekly Market Reviews (WMR) were produced. In 2 other instances, market conditions were summarized at the Commission’s monthly meeting. In addition to the 45 WMRs published, 13 special reports providing in-depth analysis of emerging market issues were also published.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. Actions on all significant issues were completed within 6 months.
Complete transition of consolidated reporting to a web strategy	Complete by June 30, 2008	Target Met. The transition of this web strategy was completed in March 2008 when the State of the Markets report was published to the Oversight page (http://www.ferc.gov/market-oversight/market-oversight.asp) on the external FERC website.

FY 2008		
Strategy		
Performance Measure	Target	Results
Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. The Commission was provided with a written memo and recommendations for each of the six settlements approved in FY 2008.
Develop and provide further guidance to the industry on FERC's expanded penalty authority	By September 30, 2008	Target met. The revised Policy Statement on Enforcement was issued on May 15, 2008.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target Met. 100% (30 out of 30)
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target Met. 99% (94 out of 95)
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target Met. 100% (37 out of 37)
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target Met. 100% (23 out of 23)
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target Met. 100% acted on within 30 days.
Percentage of enforcement investigations not including market manipulation issues completed	75% within one year of initiation	Target Met. 89% completed within one year of initiation.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target Met. 100% completed within two years of initiation.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target Met. 78% resolved within 2 weeks of initial contact.
Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target Met. 97% (77 out of 79).
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target Met. All five requested no-action letters were all completed in less than 60 days.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target Met. Monthly pending case reports were issued for self-reports of compliance issues.

FY 2009		
Performance Measure	Performance Target	Results
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. The Division of Energy Market Oversight (DEMO) produced a Weekly Market Review (WMR) in 48 weeks during FY 2008. The weeks during which we did not publish a WMR occurred during holiday periods. These WMRs included 24 special reports that provided in depth analysis of emerging market issues.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. The Division of Energy Market Oversight completed all items within 6 months.
Fully implement the Research in Market Oversight (RIMO) program	Perform at least four RIMO projects per year	Target Met. The Division of Energy Market Oversight hosted staff of Italy's Regulatory Authority for Electricity and Gas. In addition, DEMO has hosted over ten foreign delegations and State Public Service Commission representatives in the Market Monitoring Center.

Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. Submitted recommendations for civil penalties to be assessed on 16 subjects. Each recommendation included discussion of facts, analysis of applicable Policy Statement factors, and comparison to actions taken in similar cases.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target met. 100 percent (19/19) of operational audits reported to the Commission within 120 days.
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target met. 99 percent (75/76) of operational audit recommendations implemented in 6 months.
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target met. 100 percent (9/9) of financial audits reported to the Commission within 120 days.
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (36/36) of financial audit recommendations implemented in 6 months.

FY 2009		
Performance Measure	Performance Target	Results
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. Four MMU referrals were received and all were acted on within 30 days.
Percentage of enforcement investigations not involving market manipulation issues completed	75% within one year of initiation	Target not met. 41% of non-manipulation investigations completed in FY 2009 (9 of 22) were completed within one year. This target was missed due to circumstances surrounding two major market manipulation cases in which management was required to shift staff resources from non-market manipulation cases to these two high-profile market manipulation cases. This did not have a negative impact on the performance of the enforcement program. To the contrary, the successful outcome of these market manipulation cases demonstrates the strength of the Commission's enforcement program. The Commission has consistently met this target in previous years.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target met. All market manipulation investigations completed in FY2009 were completed within two years.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. DOI received 502 Hotline calls and closed 485 Hotline matters. 70.5% of the calls were resolved within two weeks of initial contact.

Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 100 percent of regulated entities included in annual audit plan audited to ensure internal compliance programs and processes are in place.
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target not met. Three out of four No-Action letters were issued in fewer than 60 days; the fourth was issued in 69 days. This did not have a negative impact on the program.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. Compliance issues raised by regulated entities are reported monthly as part of the DOI Pending Case Report.

Supporting Initiatives Performance Data.¹⁶

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

16. This performance data is aligned with the former Strategic Plan's Supporting Initiatives section.

FY 2006		
Performance Measurement	Performance Target	Data Source
Develop and implement automated Business plan	Complete by September 30, 2006	Target Not Met. Though Software development for Phase 2 of the Activity and Tracking Management System (ATMS) has been completed, the target was not met because extensive testing of Phase 2 due to integration with other eGovernment systems will push deployment to February 2007. Though Phase 2 will support business plan reporting that is integrated with the HR time reporting system (MAPS), that reporting will depend on requisite information (e.g. proper use of time reporting codes, MAPS data, etc.) input by FERC's program and other offices. And since full automation will require Commission-wide deployment (Phases 3 and 4) and additional reporting requirements definition and software development, the target will not be fully met until ATMS Phase 4. Since manual processes for business planning will remain in place until they are replaced by an automated Business plan, there is no impact on operations or program performance.
Percentage of qualified-procurements that are performance-based	100%	Target Met. Of the 676 actions awarded during the period, a total of 78 actions were identified as performance-based. All 78 of these actions were awarded under performance-based contracts.
Percentage of qualified-procurements that are advertised on-line	100%	Target Met. Of the 676 actions awarded during the period, a total of 4 actions qualified for on-line advertisement, and all 4 actions were advertised on-line with Federal Business Opportunities (fedbizops).
Percentage of total procurement dollars awarded to small, women-owned, and minority businesses	5% increase over FY 2005	Target Met. In FY 2005, the Commission awarded 22% of its total procurement dollars to small, women-owned and minority businesses. In FY 2006, the Commission awarded 34% of its total procurement dollars to these entities which constitutes a 12% increase over the FY 2005 performance level.
Percentage of invoices paid via electronic funds transfer	99%	Target Met. During FY 2006, the Commission paid 99% of its invoices via EFT.
Percentage of payments in compliance with Prompt Payment Act deadlines	100%	Target Not Met. During FY 2006, the Commission processed 94% of its payments in compliance with Prompt Payment Act deadlines. The primary cause was the Commission's acceptance of invoices during the FY 2006 Continuing Resolution (October - December) which could not be paid. Since January, the Commission has processed 98% of its payments in compliance with Prompt Payment Act deadlines.

FY 2006		
Performance Measurement	Performance Target	Data Source
Percentage of payments made without error	100%	Target Not Met. During FY 2006, the Commission made 99% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable	90% of invoices collected by due dates	Target Met. During FY 2006, the Commission collected 94% of its invoice balances by the stated due date.
Complete and accurate annual financial statements	Unqualified opinion on audited financial statements	Target Met
Percentage of filings capable of being received electronically	95%	Target Not Met. 42% of all document types are currently capable of being received electronically. Meeting the target has been delayed because of two primary factors: 1) The Commission has been responsive to industry feedback regarding the most efficient way for tariff filings to be filed electronically and has extended the prototyping and discussion of proposed solutions; and 2) The Commission has delayed to improve infrastructure (supporting database, storage, server, and disaster recovery infrastructure). To mitigate the effects of the delay the Commission encourages the filing of non-eFiling-capable documents on digital media (CD, DVD); routinely accepts non-eFiling-capable documents electronically on an exception basis when requested by filers; and performs OCR and full-text indexing on documents submitted on paper. In addition, the Commission is actively planning and gathering requirements for an eFiling system release that will meet the target. Given the mitigation efforts, there have been no negative impacts on program performance or operations.
Percentage of Commission orders approved during open meetings issued	99% within 5 business days	Target Met. 321 agenda items were approved in open meeting during the rating period. All but 2 were issued within 5 business days.
Percentage of Commission orders approved by notational vote issued	99% within 1 business day of adoption date	Target Not Met. 933 agenda items were approved through the notational process. 40 items were issued after one day of adoption date; these were all issued on the following business day. Percentage is 96%. This is a remarkable accomplishment considering the significant increase in notational items during this appraisal period and the target did not change from last appraisal period. This did not have a negative impact on operations.

FY 2006		
Performance Measurement	Performance Target	Data Source
Percentage of legally required notices issued	95% within 3 business days of being posted on eLibrary	Target Not Met. This measure includes notices for electric rate filings prepared by the Secretary; notices for other industries are prepared by program offices. Number of electric rate notices during the appraisal period is 2,667. Of these, 632, or 76%, were issued three days after filing was posted on eLibrary. This target was not met due to staff shortages. However, no Commission proceeding or action was negatively affected.
Percentage of press releases on important agency actions issued	95% within 1 hour of order being issued	Target Met. In FY 2006, 90 out of 92 or 97.8% of press releases were issued within 1 hour of action being taken.
Percentage of responses to public inquiries	<ul style="list-style-type: none"> ▪ 60% within 3 business days ▪ 100% within 5 business days 	Target Met. In FY 2006, OEA responded to approximately 2,800 public inquiries. Over 90% of these inquiries were responded to within 1 business day of receipt. All public inquiries were responded to within 5 business days.
Percentage of agency actions and time-sensitive content posted on the FERC Internet Website	95% within 1 hour of order being issued	Target Met. In FY 2006, 3,159 of 3,201 or 98.7% of important agency actions were posted on the Commission's internet website within 1 hour of issuance.
Timeliness of notices to NEB (Canada) and CRE (Mexico) of FERC activities pursuant to MOU	Within 1 business day	Target Met. The NEB and CRE are routinely notified of significant Commission activities that impact their respective countries through emails with summaries and links to these orders within one business day of the order being issued.
Timeliness of regional hearings or conferences email notifications sent to State officials and Governors	Within 1 business day	No regional hearings/conferences took place during the review period.
Submit FY 2005 Annual Report to Congress	Complete by June 30, 2006	Target Not Met. FY 2005 Annual Report has not been sent to Congress. The target was not met due to a significant change in the format of the Annual Report to improve the overall product by making it more targeted to the audience groups. The decision to re-format the Annual Report to track the agency's Strategic Plan resulted in a significantly more time-consuming review process and an extended period for obtaining the content for the Annual Report. There were no negative impacts on operations. The process for the FY 2006 Annual Report has already been initiated and the expectation is that the target will be met.
Submit FY 2005 international exchange and training activity data to U.S. Department of State	Complete by April 1, 2006	Target Met. FY 2005 international exchange and training activity data was sent to the U.S. Department of State in March 2006.

FY 2006		
Performance Measurement	Performance Target	Data Source
Submit FY 2005 FOIA Annual Report to Department of Justice	Complete by February 1, 2006	Target Met. FY 2005 FOIA Annual Report to the Department of Justice was submitted on January 27, 2006.
Submit FY 2005 Information Quality Agency Annual Report to the Office of Management and Budget (OMB)	Complete by January 1, 2006	Target Met. FY 2005 Information Quality Agency Annual Report was submitted to OMB prior to January 1, 2006.

FY 2007		
Performance Measurement	Performance Target	Data Source
Develop and implement a competency-based requirements framework	Complete by January 31, 2007	Target Met. Framework developed in January, 2007. Implementation ongoing with mainstream occupations.
Percentage of women and/or minorities among all positions	Increase over FY 2006	Target Met. FY 2007 percentage for women was 52.9%. Increased percentage over FY06 by 8% (FY 2006 - 44.5%). FY 2007 percentage for minority women was 20.6%. Increased percentage over FY06 by 1.1% (FY 2006 - 19.5%).
Improve retention ratio of entry-level new hires	Increase FY 2006 ratio by 10%	Target Met. Retention ration for FY 2007 hires was 100% (FY 2006 percentage was 95%).
Implement workforce planning tools	Complete by September 30, 2007	Target Met. Implemented Hiring Gap Spreadsheet and Personnel Status Report. Continue to prepare and publish the Human Capital Plan.
Timeliness of submitting Fair Act Inventory to OMB per Circular A-76 requirements	Complete by June 30, 2007	Target Met. FY 2007 FAIR Act was submitted to OMB 6/30/07.
Customers are satisfied with the use of eGovernment initiatives to interact with FERC	90%	Target Met. The customer satisfaction level for FERC eGov Services exceeds 96% based on data collected from the external users surveys.

FY 2007		
Performance Measurement	Performance Target	Data Source
Federal FTE time is mapped through systems to workload and strategic goals and objectives	Fully implemented by September 30, 2007	Target Not met. With the deployment of ATMS Phase 2 in February FY07 the following offices are fully able to map workload to strategic goals and objectives using an enterprise-wide system: OAL, OED, OGC, and OEMR (now OEMR and OER). For the following offices, some divisions are able to map workload to strategic goals and objectives using an enterprise-wide system while other divisions can map workload to strategic goals and objectives but must continue to use legacy, departmental, and/or cuff systems: OEA, OALJ, OE, OEP. Mapping of workload in terms of FTE time requires both a revision of budget reporting codes and development of a report that correlates information in the enterprise-wide workload tracking system with information in the FERC HR system. The complete implementation of all ATMS phases will take longer than planned due to contract staffing reductions from funding shortages under a yearlong FY 2007 continuing resolution and because the effort was underestimated. A detailed plan for ATMS Phase 3 is currently under review and the target may not be fully met in FY 2008.
Align Commission costs to strategic objectives	Complete by September 2007	Target Met. The FY2009 Budget Request has been structured to map both FTEs and the Commissions costs to strategic objectives and was completed on September 10, 2007.
Percentage of vendor payments made by established due dates	99%	Target Not Met. During FY07, the Commission processed 97.1% (1897 out of 1953) of payments in compliance with Prompt Payment Act deadlines. 37 of the 56 late payments did not result in interest begin paid to the vendor. The failure to meet this target did not have an adverse affect on overall program performance.

FY 2007		
Performance Measurement	Performance Target	Data Source
Percentage of payments made without error	100%	Target Not Met. During FY 2007, the Commission made 99.7% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable that offset the Commission's appropriation	95% collected by due dates	Target met. During FY 2007, the Commission collected 99.5% of its offsetting accounts receivable by their stated due date.
Financial statements that present fairly, in all material aspects, the Commission's financial position	Unqualified audit opinion on FY 2006 financial statements	Target Met. Unqualified opinion received November, 2006
Percentage of transactional case assessments or convening sessions concluded	75% within 20 days	Target Met. DRS completed 100% (41 out of 41) transactional case assessments or convening sessions within 20 days after being referred to the DRS.
Percentage of transactional ADR processes agreed to by parties concluded	75% within 120 days total (convening and process)	Target Met. DRS completed 34 transactional processes or cases, both environmental and non-environmental in which parties agreed to pursue an ADR process. Of these, 31 were completed within 120 days after being referred to the DRS (91%).
Number of ADR requests and referrals to the DRS	Increase number over FY 2004 (base year)	Target Met. DRS addressed a total of 79 new requests or ongoing cases from a previous fiscal year involving gas, electric, hydro-power, and pipelines. This represents a 46.3% increase over FY2004, in which there were 54 new requests or ongoing cases.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. The DRS requests customer feedback through evaluations of casework processes, and training sessions. For casework concluded in FY2007, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%. In training sessions during FY 2007, participant ranking for Course Content averaged 90%, Course Materials averaged 88%, and Instructor Effectiveness averaged 94%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004 (base year)	Target Met. There were 65 active outreach projects in FY2007. This represents a 1.6 % increase over 2004 in which there were 64 projects. Note: The projects were both internal and external to FERC.

FY 2007		
Performance Measurement	Performance Target	Data Source
Ensure timely and effective communication to all stakeholders	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions on the same day as the underlining action ▪ Post 95% of important agency actions on the same day as the underlining action ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ In FY 2007, 80 out of 80 or 100% of press releases were issued within 1 hour of action being taken. ▪ In FY 2007, 3816 of 3820 or 99% of important agency actions were posted on the Commission's internet website within 1 hour of issuance ▪ In FY 2007, the office provided an initial and complete response to 2272 of 2791 or 81% of public inquiries at the time of receipt. ▪ In FY 2007, the Commission developed the following webpages in the assigned timeframe: Market Oversight, Electric Competition, OATT Reform, Blanket Certificates, Transmission Investment, Pipeline, Hydrokinetic Energy, MOU, Policy Statement, Hydro licensing, Annual Charges, Career, Media form, and FOIA form.
Enhance communication with National and International groups	<ul style="list-style-type: none"> ▪ Respond to 50% of Official Congressional correspondence within 10 business days ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlining action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress ▪ Provide email notification of significant Commission actions to effected State regulatory agencies within 1 to 2 business days of the underlining action ▪ Accommodate visitation requests from delegations from various countries and organizations 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 130 out of 205 pieces of official Congressional correspondence, or 63%, were responded to within 10 business days. ▪ In FY 2007, email notifications to members of Congress were sent out on 340 significant Commission actions within 1 to 2 business days of the underlining action. Briefing offers were made on appropriate items. ▪ In FY 2007, the Commission provided 38 briefings to members of Congress. ▪ In FY 2007, 178 email notifications to State regulatory agencies were sent out on significant Commission actions within 1 to 2 business days of the underlining action. ▪ In FY 2007, OEA hosted 71 visits from 75 countries and organizations.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 88% of cases set for hearing achieved partial or complete consensual agreement.
Percentage of cases set for hearing completed according to the established schedule	<ul style="list-style-type: none"> ▪ 75% of Track I cases in 29.5 weeks ▪ 75% of Track II cases in 47 weeks ▪ 75% of Track III cases in 63 weeks 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ There were no Track I cases. ▪ 80% of Track II cases in 47 weeks. ▪ 88% of Track III cases in 63 weeks.
Issue well-reasoned initial decisions, based on facts, law, and Commission policies which are upheld in whole or in part	80% of initial decisions upheld in whole or in part	Target Met. 91% of initial decisions were upheld in whole or in part.

FY 2008		
Performance Measure	Performance Target	Results
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target Met. The DRS addressed 57 new ADR requests and referrals; 3 more than FY 2004.
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target Met. The DRS had a 90% (18 out of 20) success rate in assisting parties achieve consensual resolution of cases.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. In trainings and workshops during the period, participant ranking for Course Content averaged 89% and Instructor Effectiveness 93%. For casework, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target Not Met. The DRS delivered or assisted with 37 outreach events, equal to the number in FY 2004. The DRS met all of the outreach needs and there were no negative program impacts.
Of ADR processes concluded, percentage that resulted in savings of time and/or money over traditional processes	75%	Target Met. 100% of participants who completed a survey indicated that the use of ADR resulted in savings of time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 91%
Ensure timely and effective communication to all stakeholders	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<ul style="list-style-type: none"> ▪ Target Met. 95% (71 out of 75) press releases were issued within 1 hour of action being taken. ▪ Target Met. 100% (4,004 out of 4,005) important and time-sensitive actions were posted within 1 hour of action being taken by the Commission. ▪ Target Met. 74% (3,833 out of 5,149) of inquiries were provided a complete response at the time of the receipt of the request. ▪ Target met. 19 new web pages and/or sections on FERC.gov were developed within the assigned timeframe.

FY 2008		
Performance Measure	Performance Target	Results
Enhance communication with National and International groups	<ul style="list-style-type: none"> ▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meeting requests within 3 business days of rendering a decision 	<ul style="list-style-type: none"> ▪ Target Met. 100% (61 out of 61) briefings were held and (318 out of 318) congressional inquiries were responded to within 10 business days of the request. ▪ Target Met. Email notifications concerning 292 significant Commission actions were sent within 1 to 2 business days of the underlying action. ▪ Target Met. 61 timely and effective briefings with members of Congress were held. Briefings on the top priority issues of cyber security; market manipulation; and transmission line siting were held within appropriate time frames. State officials were also briefed on these issues. ▪ Target Met. Staff provided 19 notifications of outreach efforts within 3 business days, and within at least 30 days' notice of public meetings for two additional outreach items. ▪ Target Met. 82% (40 out of 47) of requests were responded to within 3 business days.
Maintain an effective recruiting program	<ul style="list-style-type: none"> ▪ Recruit at least 3 students each from at least 4 target universities ▪ Increase new hires from recruiting program by 10 over FY 2007 ▪ Hire 20% of interns into permanent positions 	<p>Target Met. A total of 19 students were recruited from 4 target universities.</p> <p>Target Met. 58 new hires in FY 2008; 41 more than FY 2007</p> <p>Target Met. 36% (4 out of 11) of summer interns from FY 2007 hired in FY 2008.</p>
Implement employee development programs	<ul style="list-style-type: none"> ▪ Launch leadership development program ▪ Develop competency based training for mainstream occupations 	<p>Target Met. The LDP was launched in October 2007. 15 candidates will graduate from program in February 2009.</p> <p>Target Met. A competency assessment tool for competency based training needs analysis was launched in September 2008 and will be included in the FY 2009 Central Training Fund prioritization.</p>

FY 2008		
Performance Measure	Performance Target	Results
Maintain an effective performance management system	<ul style="list-style-type: none"> ▪ All employees receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately 	<p>Target Met. FERC Non-Supervisory Employees received training in August and September 2008.</p> <p>Target Met. All FERC managers received feedback on ratings and training on meaningful distinctions during the corresponding rating cycle of their program office.</p> <p>Target Met. Report analysis shows that higher monetary awards are commensurate with higher performance ratings.</p>
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2007 baseline	<p>Target Not Met.</p> <p>Women. The representation of women was 45.5% in FY 2008, a 7.4% decrease from FY 2007.</p> <p>Minorities. Overall, the representation of minorities was 32.7% in FY 2008, a 0.5% decrease from FY 2007.</p>
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	<ul style="list-style-type: none"> ▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls 	<p>Target Met. Unqualified opinion received November 6, 2008.</p> <p>Target Met. Unqualified assurance asserted over internal controls September 12, 2008.</p>
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	<ul style="list-style-type: none"> ▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performance-based 	<ul style="list-style-type: none"> ▪ Target Met. 31% of total procurement dollars awarded to small, women-owned and minority businesses. ▪ Target met. 100% of all qualified procurements were performance based awards.
Full implementation of FERC's eGovernment initiatives	Completed by September 30, 2008	<p>Target Met. eFiling 7.0 was completed by September 30, 2008. eFiling will increase the number of documents that can be submitted and provides a secure process for submitting Privileged and CEII materials. Also, ATMS 3.0 successfully developed the infrastructure to capture the tracking of all docketed and non-docketed work. Customer satisfaction with eGov services was over 90%.</p>

FY 2009		
Performance Measure	Performance Target	Results
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target met. In FY 2009, DRS addressed 71 new ADR requests and referrals. FY 2009 results exceeded the results of the base year, FY 2004, by 17 requests/referrals. (In FY 2004 DRS received 54 total requests and referrals.)
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target met. Of 18 cases DRS completed in FY 2009, all achieved consensual agreement through mediation and facilitation, resulting in a 100% success rate.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target met. In FY 2009, customers for all casework and outreach services expressed favorable satisfaction with DRS. Of respondents to casework surveys, DRS received a 100% customer satisfaction rate. Of respondents to outreach surveys, DRS received a 91% customer satisfaction rate.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target met. In FY 2009, DRS delivered 24 outreach events, 13 more events than FY 2004's 11 outreach events. (In FY 2004, the DRS delivered 13 outreach events.)
Of ADR processes concluded, percentage that resulted in savings of time and/ or money over traditional processes	75%	Target met. 100% of respondents to casework surveys affirmed that involvement of DRS saved them time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 90%
Ensure timely and effective communication to all stakeholders	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<ul style="list-style-type: none"> ▪ Target met. In FY 2009, 42 out of 43 or 99% of press releases were issued within 1 hour of action being taken. ▪ Target met. In FY 2009, 4066 out of 4066 or 100% of important agency actions were posted on the Commission's internet website within 1 hour of issuance. ▪ Target met. In FY 2009, the office provided an initial and complete response to 3476 out of 4753 or 73% of public inquiries at the time of receipt. ▪ Target met. In FY 2009, this office developed 11 out of 11 web page requests. All were completed on schedule.

FY 2009		
Performance Measure	Performance Target	Results
Enhance communication with National and International groups	<ul style="list-style-type: none"> ▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meetings requests within 3 business days of rendering a decision 	<ul style="list-style-type: none"> ▪ Target met. In FY 2009, External Affairs responded to 100% (211 out of 211) of congressional inquiries and briefing requests within 10 business days. ▪ Target met. In FY 2009, 165 email notifications to members of Congress were sent out on top priority issues regarding significant Commission actions within 1 to 2 business days of the underlining action ▪ Target met. In FY 2009, 46 briefings for Congress and State Officials were conducted on priority issues of natural gas pipelines, transmission planning and integration of renewables, demand response, and cyber security. ▪ Target met. In FY 2009, email notifications were sent out simultaneously for 142 out of 142 (100%) Commission actions of interest to State regulatory agencies on significant Commission actions within 1 to 2 business days of the underlining action. ▪ Target met. In FY 2009, OEA responded to and coordinated 52 approved visits; 44 or 84.6% received responses within 3 business days.
Maintain an effective recruiting program	<ul style="list-style-type: none"> ▪ Increase retention rate of new hires over FY 2008 ▪ Hire 20% of interns into permanent positions ▪ Implement a formal mid-career recruiting program by December 31, 2008 	<p>Target Met - The annualized retention rate of new hires increased from 91.7% (144/157) for FY 08 to 92.1% (187/203) for FY 09.</p> <p>Target Met - 34% (12 of 35) of interns from summer 2008 program were converted in FY 09.</p> <p>Target Not Met. The formal four phase mid-level recruitment program strategy was launched on 6/1/09. No negative impact by the delay in meeting original date.</p>
Implement employee development programs	<ul style="list-style-type: none"> ▪ Launch competency based training program for mainstream occupations ▪ Develop competency based training for all occupations 	<p>Target Met - Competency-based training needs assessment was conducted during April 2009.</p> <p>Target Not Met. The implementation of competency based training for all occupations was deferred, pending the selection and acquisition of a learning management system which will not be available until FY 2011 due to resource constraints. Accordingly, FERC will reevaluate its employee develop program measures for FY 2010.</p>

FY 2009		
Performance Measure	Performance Target	Results
Maintain an effective performance management system	<ul style="list-style-type: none"> ▪ All employees and managers receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately 	<p>Target Met - all employees and managers received Performance Management Training</p> <p>Target Met. Managers received feedback which explained meaningful distinctions between performance.</p> <p>Target Met – The Commission’s analysis identified that on average, FERC rewarded:</p> <ul style="list-style-type: none"> highly successful employees 31% higher monetary awards than fully successful employees; outstanding employees 49% higher monetary awards than highly successful employees; and outstanding employees with 96% higher monetary awards than fully successful employees.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2008 baseline	<ul style="list-style-type: none"> ▪ Target Not Met - FY09 percentage for women was 44.6%. Decreased percentage from FY08 by less than 1% (FY08 – 45.5%). Modify target for FY 2010 and future years to be “Equal to or greater than Total Federal Workforce percentage.” ▪ Target Not Met - FY09 percentage for minorities was 32.3%. Decreased percentage from FY08 by less than 1% (FY08 – 32.9%). Modify target for FY 2010 and future years to be “Equal to or greater than Total Federal Workforce percentage.”
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	<ul style="list-style-type: none"> ▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls 	<ul style="list-style-type: none"> ▪ Target Met – Received unqualified audit opinion on FY 09 principal statements 11/6/09. ▪ Target Met – Issued unqualified assurance assertion on controls in place as of 6/30/09.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	<ul style="list-style-type: none"> ▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performance-based 	<ul style="list-style-type: none"> ▪ Target Met - 33% of total available procurement dollars were awarded to small businesses during FY09. ▪ Target Met - 100% of qualified FY09 procurements were performance-based acquisitions.

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APPENDIX B

Workload Tables¹⁷

This appendix shows the portion of the Commission’s work that can be objectively counted by workload category in energy markets and energy projects.

	FY 2008 Actuals	FY 2009 Actuals			FY 2010 Estimate			FY 2011 Projection		
Pipeline Certificates	P	R	C	P	R	C	P	R	C	P
Construction Activity	76	130	130	76	130	130	76	130	130	76
Prior Notice & Abandonments	48	100	100	48	100	100	48	100	100	48
Compliance Filings & Reports	30	284	254	60	284	254	90	284	254	120
Environmental Analysis	57	155	152	60	155	152	63	155	152	66
Compliance & Safety Inspections	0	1,147	1,147	0	1,147	1,147	0	1,147	1,147	0
LNG Inspections	0	16	16	0	16	16	0	16	16	0
Rehearings	16	48	47	17	30	30	17	20	20	17
Complaints	1	1	1	1	2	2	1	2	2	1
Declaratory Orders	2	7	9	0	5	5	0	5	5	0
Remands	11	1	11	1	8	8	1	2	2	1
Dispute Resolution Services	1	4	5	0	6	4	2	8	5	5

Hydropower Licensing	P	R	C	P	R	C	P	R	C	P
Original Licenses	23	10	10	23	10	10	23	10	10	23
Relicenses	50	9	15	44	9	15	38	9	15	32
5 MW Exemptions	4	3	3	4	3	3	4	3	3	4
Rehearings	0	25	23	2	3	3	2	3	3	2
Declaratory Orders	0	5	4	1	1	1	1	1	1	1
Remands	1	3	3	1	1	1	1	1	1	1
Cases Set for Hearing	0	1	0	1	2	1	2	1	1	2
Dispute Resolution Services	0	2	0	2	2	2	2	4	3	3

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

	FY 2008 Actuals	FY 2009 Actuals			FY 2010 Estimate			FY 2011 Projection		
	P	R	C	P	R	C	P	R	C	P
Project Compliance and Administration										
Amendments	450	2,600	2,650	400	2,600	2,650	350	2600	2,650	300
Jurisdiction	3	12	10	5	12	10	7	12	10	9
Federal Lands	0	90	90	0	90	90	0	90	90	0
Headwater Benefits	6	150	145	11	150	145	16	150	145	21
Compliance	100	400	350	150	400	350	200	400	350	250
Surrenders, Transfers	22	35	40	17	35	40	12	35	40	7
Conduit Exemptions	0	4	4	0	4	4	0	4	4	0
Environmental Inspections And Assistance	0	125	125	0	125	125	0	125	125	0
Preliminary Permits	29	205	200	34	205	200	39	205	200	44
Rehearings	10	27	0	37	50	50	37	50	50	37
Complaints	0	2	2	0	1	1	0	1	1	0
Dispute Resolution Services	0	0	0	0	2	2	0	2	2	0

Dam Safety and Inspections	P	R	C	P	R	C	P	R	C	P
Operational Inspections	1,166	1,400	1,400	1,166	1,400	1,400	1,166	1,400	1,400	1,166
Prelicense Inspections	2	5	5	2	5	5	2	5	5	2
Construction Inspections	107	150	150	107	150	150	107	150	150	107
Exemption Inspections	175	280	280	175	280	280	175	280	280	175
Special Inspections	45	125	125	45	125	125	45	125	125	45
Engineering Evaluation & Studies	989	600	600	989	600	600	989	600	600	989
Part 12 Reviews	118	225	225	118	225	225	118	225	225	118
Dam Safety Reviews	7	36	36	7	36	36	7	36	36	7
Emergency Action Plan Tests – Functions	41	55	55	41	55	55	41	55	55	41
Emergency Action Plan Tests – Table Top	5	55	55	5	55	55	5	55	55	5

	FY 2008 Actuals	FY 2009 Actuals			FY 2010 Estimate			FY 2011 Projection		
Rates and Tariffs	P	R	C	P	R	C	P	R	C	P
Gas Certificates & Rate Evaluations	98	81	81	98	140	145	93	140	145	88
Market-Based Rates	1,179	1,912	2,396	695	2,020	2,100	615	2020	2,100	535
Dispute Resolution Services (Electric)	9	17	18	8	22	18	12	22	21	13
Rehearings (Electric)	308	386	300	394	350	350	394	350	350	394
Complaints (Electric)	12	62	48	26	50	55	21	50	55	16
Declaratory Orders (Electric)	15	21	23	13	25	30	8	25	30	3
Remands (Electric)	15	14	18	11	5	5	11	5	5	11
Negotiated Rates	55	391	410	36	400	400	36	400	400	36
Cost-Based Rates	1163	3,774	3,935	1002	4,120	3,935	1187	3320	3,770	737
Dispute Resolution Services (Gas)	1	1	2	0	8	5	3	10	9	4
Rehearings (Gas)	28	47	32	43	45	70	18	40	50	8
Complaints (Gas)	3	3	2	4	3	3	4	2	3	3
Declaratory Orders (Gas)	0	2	2	0	1	1	0	1	1	0
Remands (Gas)	2	1	0	3	2	2	3	1	2	2
RTO, ISO, & Transco Filings	41	456	488	9	450	450	9	450	450	9
Dispute Resolution Services (Oil)	1	2	1	2	3	2	3	2	3	2
Rehearings (Oil)	61	50	43	68	50	97	21	40	50	11
Complaints (Oil)	4	23	8	19	20	25	14	15	20	9
Declaratory Orders (Oil)	2	0	1	1	2	2	1	2	3	0
Remands (Oil)	0	0	0	0	2	2	0	1	1	0

Corporate Applications	P	R	C	P	R	C	P	R	C	P
Interlocking Positions	162	788	853	97	745	760	82	745	760	67
Mergers	22	119	130	11	140	140	11	140	140	11
Cogeneration/Small Power Producers (QF)	21	1,005	1000	26	1,220	1,225	21	1220	1,220	21
Dispute Resolution Services	0	0	0	0	0	0	0	1	1	0

	FY 2008 Actuals	FY 2009 Actuals			FY 2010 Estimate			FY 2011 Projection		
Electric Grid Reliability	P	R	C	P	R	C	P	R	C	P
Reliability Standards	19	33	32	20	12	27	5	10	11	4
Interpretations/Erratas of Reliability Standards	23	2,162	165	2,020	102	2,075	47	125	101	71
Reliability Filings by ERO/RE	49	19	18	50	38	31	57	35	32	60
Standards Compliance Audits	1	16	15	2	30	30	2	18	18	2
Notices of Penalty-Violations	0	262	245	17	1,869	1,811	75	1600	1,560	115

Legal Matters	P	R	C	P	R	C	P	R	C	P
Cases Set for Hearing	76	66	79	63	75	75	63	75	75	63
Settlement Judge Proceedings	34	48	58	24	60	60	24	60	60	24
Appellate Review	155	125	130	150	125	130	145	125	130	140
Audits	28	20	33	15	134	139	10	50	50	10
Accounting	4	208	206	6	220	211	15	230	215	30

APPENDIX C

Guiding Principles



Five principles guide the Commission as it exercises its jurisdiction under its governing statutes. Whether the Commission is adjudicating a rate filing, ruling on an application, or developing a new policy, it strives to meet these principles, ensuring that each of its actions is consistent with the public interest.

Organizational Excellence.

Above all, the Commission strives to use its resources efficiently and effectively to achieve its strategic priorities. This includes its human resources. The Commission performs targeted recruiting and hiring and has developed a market-oriented training curriculum for entry-level as well as experienced staff. The Commission also makes efficient use of information technology to receive filings, produce reports and orders, and maintain data repositories. The Commission tracks the activities of its staff to ensure that they are directed at meeting the Commission's strategic goals and objectives.

Due Process and Transparency.

Paramount in all of its proceedings is the Commission's determination to be open and fair to all participants. Filings are publicly accessible through the Commission's website, and filings to change rates, terms and conditions of service are announced by way of public notice published in the Federal Register. Material issues of fact are resolved through hearings governed by due process rules; the Commission also encourages the use of ADR procedures, which provide for more informal public participation in resolution of a proceeding. The Commission often holds public conferences at which it receives input from members of the public on controversial issues of national importance. Finally, many of the Commission's major decisions are discussed and announced at meetings that are open to the public and also are webcast at no charge on its website.

Regulatory Certainty.

In each of the thousands of orders, opinions and reports issued by the Commission each year, the Commission strives to provide regulatory certainty through consistent approaches and actions. Without an assurance that the Commission's policies will be internally consistent and applied consistently, investors may be unwilling to bear the risks associated with investing in critical energy infrastruc-

ture. Where it is appropriate, the Commission provides generic direction to industry participants in the form of guidance orders, policy statements or rulemakings, to avoid the uncertainty present in case-by-case adjudications. The Commission also has adopted market rules designed to help prevent the exercise of market power and market abuse, to provide a more stable marketplace, and create an environment that will attract needed investment capital.

Stakeholder Involvement.

The Commission conducts regular outreach to ensure that interested persons have an appropriate opportunity to contribute to the performance of the Commission's responsibilities. The Commission also organizes technical conferences and workshops designed to explain and explore issues related to the development and implementation of its policies. When processing hydropower and gas facility applications, the Commission conducts an extensive collaborative pre-filing process, during which it receives input from a multitude of stakeholders including citizen groups, environmental organizations, tribal interests, and local, state and federal resource agencies. The Commission has adopted a similar pre-filing process for resolution of transmission siting applications.

Timeliness.

The Commission's goal is to reach an appropriate resolution of each proceeding in an expeditious manner. Toward that end, the Commission has steadily decreased the time it takes to act on proposed projects, such as LNG import terminals, gas storage facilities, and interstate natural gas pipelines. It has done so without compromising its environmental protection and public participation responsibilities. The Commission also sets and tracks compliance with goals for timely resolution of filings for cost recovery, new services or changes to existing services, as well decisions on initial decisions, complaints, and FPA section 203 applications.

APPENDIX D**Acronyms and Abbreviations**

Acronyms and Abbreviations	
ADR	alternative dispute resolution
CAISO	California Independent System Operator
CIP	Critical Infrastructure Protection
DOE	U.S. Department of Energy
DOT	U.S. Department of Transportation
DRS	dispute resolution service
EAP	Emergency Action Plan
EBB	electronic bulletin board
EISA	Energy Independence and Security Act of 2007
EPAct 2005	Energy Policy Act of 2005
ERO	Electric Reliability Organization
FERC or the Commission	Federal Energy Regulatory Commission
FPA	Federal Power Act
FPC	Federal Power Commission
FTE	Full-time equivalent
FY	fiscal year
ISO	independent system operator
kV	kilovolt
LNG	liquefied natural gas
Midwest ISO	Midwest Independent Transmission Operator, Inc.
MW	megawatt
NAESB	North American Energy Standards Board
NEPA	National Environmental Policy Act
NGA	Natural Gas Act of 1938
NIST	National Institute of Standards and Technology
PJM	PJM Interconnection, LLC
Reclamation	U.S. Department of Interior-Bureau of Reclamation
RIDM	Risk-informed decision making
RTO	regional transmission organization
SPP	Southwest Power Pool, Inc.