Federal Energy Regulatory Commission

2003 Annual Report

FEDERAL ENERGY

REGULATORY COMMISSION

2003 Annual Report

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Members of the Federal Energy Regulatory Commission

William L. Massey
Commissioner

Pat Wood, III
Chairman

Nora Mead Brownell
Commissioner

To the Senate and House of Representatives:

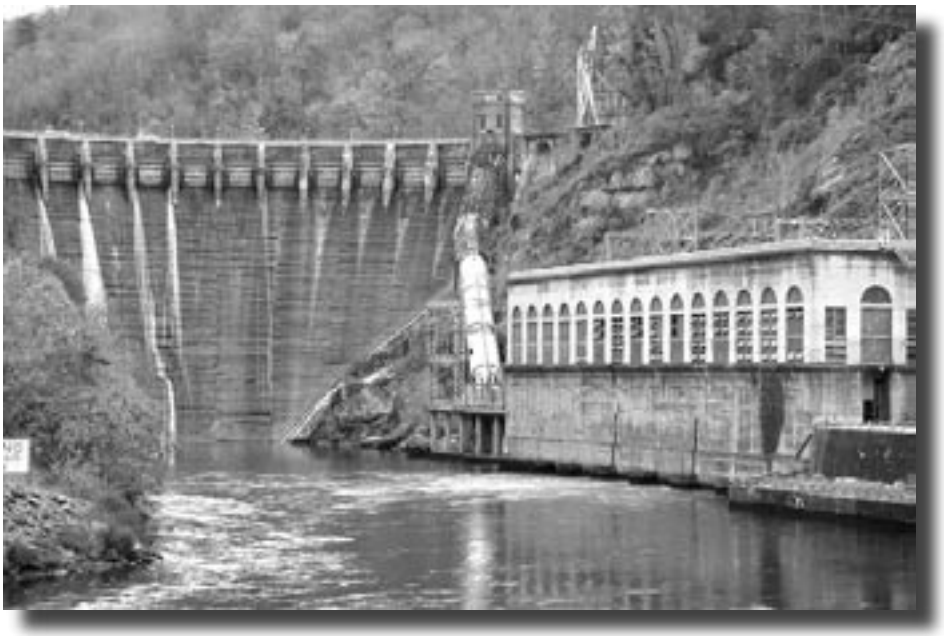
I am pleased to submit to the Congress the Federal Energy Regulatory Commission's annual report, covering the fiscal year from October 1, 2002, through September 30, 2003.

This is the 83rd report issued by the Commission and its predecessor, the Federal Power Commission. As an independent agency, the Commission oversees key operating functions of the natural gas, electric utility, hydroelectric power, and oil pipeline transportation industries.

For fiscal year 2003, Congress appropriated $192,000,000 to support Commission activities. Under the authority of the Omnibus Budget Reconciliation Act of 1986 and other laws, the Commission recovers all of its costs from regulated industries through fees and annual charges. Revenues generated from these sources completely offset congressional appropriations and therefore result in a net cost to the treasury of zero dollars. As a result, the users and beneficiaries of the Commission's services—not the general taxpayers—pay its operating costs.

Respectfully,

Pat Wood, III
Chairman



Cheoah Dam and powerhouse on the Little Tennessee River in North Carolina. Tapoco Division of Alcoa Power Generating, Inc. holds the license for the project. Photo by Lee Emery.

The Commission's Regulatory Responsibilities

The Commission is a five-member independent regulatory agency, which succeeded to the regulatory responsibilities of the Federal Power Commission in 1977. The Commission's responsibilities include the licensing of non-federal hydroelectric facilities, the certification of natural gas pipelines, regulating the rates of natural gas pipelines and pipelines transporting crude oil and oil products, and regulating the rates and other aspects of electric utility activities.

Hydropower is the oldest area of Commission jurisdiction. The Commission's predecessor began federal regulation of non-federal hydroelectric generation in 1920, authorizing the construction of projects in interstate commerce and overseeing their operation and safety. The Commission now regulates over 1,600 hydropower projects that utilize approximately 2,600 dams. These projects generate in excess of 22 gigawatts (GW) of electricity that represents more than five percent of all electric power in the United States.

Since 1935, the Commission has regulated certain electric utility activities under the Federal Power Act (FPA). Under FPA Sections 205 and 206, the Commission oversees the rates, terms and conditions of sales for resale of electric energy and transmission service in interstate commerce by public utilities. The Commission must ensure that those rates, terms and conditions are just and reasonable, and not unduly discriminatory or preferential. Under FPA Section 203, the Commission reviews mergers and other asset transfers involving public utilities. The utilities regulated under FPA sections 203, 205 and 206 are primarily investor-owned utilities. Government-owned utilities (such as the Tennessee Valley Authority [TVA], the federal power marketing agencies, and municipal utilities) and most cooperatively-owned utilities are not subject to the Commission's regulation, with certain exceptions.

The Commission may not regulate retail sales or local distribution of electricity. These are matters left to the states by the FPA. Nor does the Commission have a role in authorizing the construction of new generation facilities (other than non-federal hydroelectric facilities) or transmission facilities. These too are state or local responsibilities.

The Commission's role in the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Under the NGA, the Commission regulates the construction of new natural gas pipelines and related facilities and oversees the rates, terms and conditions of sales for resale and transportation of natural gas in interstate commerce. Pipeline siting and construction is authorized by the Commission if found to be required by the public convenience and necessity. As with hydropower licensing, the Commission's actions on pipeline projects typically require consideration of factors under the National Environmental Policy Act (NEPA), the Endangered Species Act, the Fish and Wildlife Coordination Act, the Coastal Zone Management Act and other such legislation. The wellhead price of natural gas, which the Commission previously regulated, was gradually deregulated by Congress beginning with the Natural Gas Policy Act of 1978 (NGPA). All wellhead price controls on natural gas ended on January 1, 1993. Regulation of retail sales and local distribution of natural gas are matters left to the states.

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

Transmission lines. Photo courtesy of Department of Energy.

VISION

Dependable, affordable energy through sustained competitive markets.

MISSION

The Commission regulates and oversees energy industries in the economic and environmental interest of the American public.

GOALS AND OBJECTIVES

Goal 1: Promote a Secure, High-Quality, Environmentally Responsible Infrastructure through Consistent Policies.

Objective 1.1: Expedite Appropriate Infrastructure Development to Ensure Sufficient Energy Supplies.

- •Identify transmission and pipeline projects with high public interest benefits and facilitate their speedy completion, consistent with the Commission's statutory mandates and due process.
- •Implement power plant interconnection rules; complete small plant interconnection rules.
- •Firmly establish regional electric system expansion planning, with a variety of technology solutions to meet reliability, security and market needs.
- •Implement hydroelectric rule and gas pipeline interagency agreement facilitating hydropower licensing, pipeline certification and liquefied natural gas (LNG) plant authorization.

Objective 1.2: Provide for Timely Cost Recovery to Infrastructure Investors.

- •Establish clear cost recovery process for transmission investment in each region, consistent with regional transmission plan.
- •Ensure that revenue levels and rate design for regulated company services support long-term competitive markets.
- •Encourage balanced innovative rate of return proposals that provide incentives for pro-competitive behavior and publicly beneficial projects.

Objective 1.3: Address Landowner and Environmental Concerns Fairly.

- •Encourage potential applicants for licenses or certificates to utilize the Commission's collaborative pre-filing process.
- •Incorporate reasonable environmental conditions into permits, licenses and certificates and ensure compliance with conditions.

Objective 1.4: Promote Measures to Improve the Security and Safety of the Energy Infrastructure. Ensure strictest adherence to prudent dam safety practices, pipeline construction measures and LNG plant safety requirements.

- •Work with other agencies and industry to address and improve infrastructure security.
- •Allow prompt recovery or prudently-incurred security and safety expenses.

Goal 2: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation.

Objective 2.1: Advance Competitive Market Institutions Across the Entire Country.

- •Complete the adoption of wholesale regional power markets in ISO (Independent System Operator)-New England, New York ISO, Pennsylvania-New Jersey-Maryland (PJM) Interconnection, Midwest ISO, Southwest Power Pool and California, phasing changes as appropriate.
- •Encourage further development of regional transmission organizations (RTOs) in southeast and western (outside California) regions of the country.
- •Support creation of regional state committees to develop and/or help oversee regional power markets.
- •Develop means of ensuring transparency of market and transmission information.
- •Provide regulatory certainty through clear market rules and case-specific decisions.

Objective 2.2: Establish Balanced, Self-Enforcing Market Rules.

- •Complete revisions to market-based ratemaking policy to be implemented through periodic rate review.
- •Work with states to support robust programs for customer demand-side participation in energy markets.
- •Encourage standardized business rules and practices to maximize market efficiency, ease market entry and reduce transactions costs, relying on North American Electric Standards Board (NAESB), North American Electric Reliability Council (NERC) and the RTOs/ISOs where appropriate.

Goal 3: Protect Customers and Market Participants through Vigilant and Fair Oversight of the Transitioning Energy Markets.

Objective 3.1: Assure Pro-Competitive Market Structure and Operations.

- •Promote understanding of energy market operations and technologies through maintaining expert skills, keeping abreast of trends and innovations, and reporting findings as appropriate.
- •Assess and report on market and infrastructure conditions using objective benchmarks.
- •Identify and remedy problems with market structure and operations, and periodically review market rules for consistency with long-term market development.
- •Ensure that mergers and consolidations are consistent with pro-competitive goals.

Objective 3.2: Remedy Individual Market Participant Behavior as Needed to Ensure Just and Reasonable Market Outcomes.

•Investigate statutory and rule violations, and provide appropriate remedies.

•Use expedited dispute resolution to accelerate solutions and minimize customer expense.

•Act swiftly on third-party complaints, using litigation before Administrative Law Judges as needed to determine factual issues.

MANAGEMENT INITIATIVES SUPPORTING ALL GOALS AND OBJECTIVES.

HUMAN CAPITAL

•Implement the Human Capital Plan to meet challenges of new Commission roles and changing workforce demographics.

•Use the right mix of internal workforce and contracted services from the private sector to meet the agency's statutory mandates efficiently and effectively.

INFORMATION TECHNOLOGY

•Complete the implementation of e-government initiatives to expedite interactions with customers.

•Build effective electronic workload/time-management and case-processing systems to expedite work.

AGENCY RESOURCES

•Integrate budget, business plan, and performance measurement to improve performance and accountability.

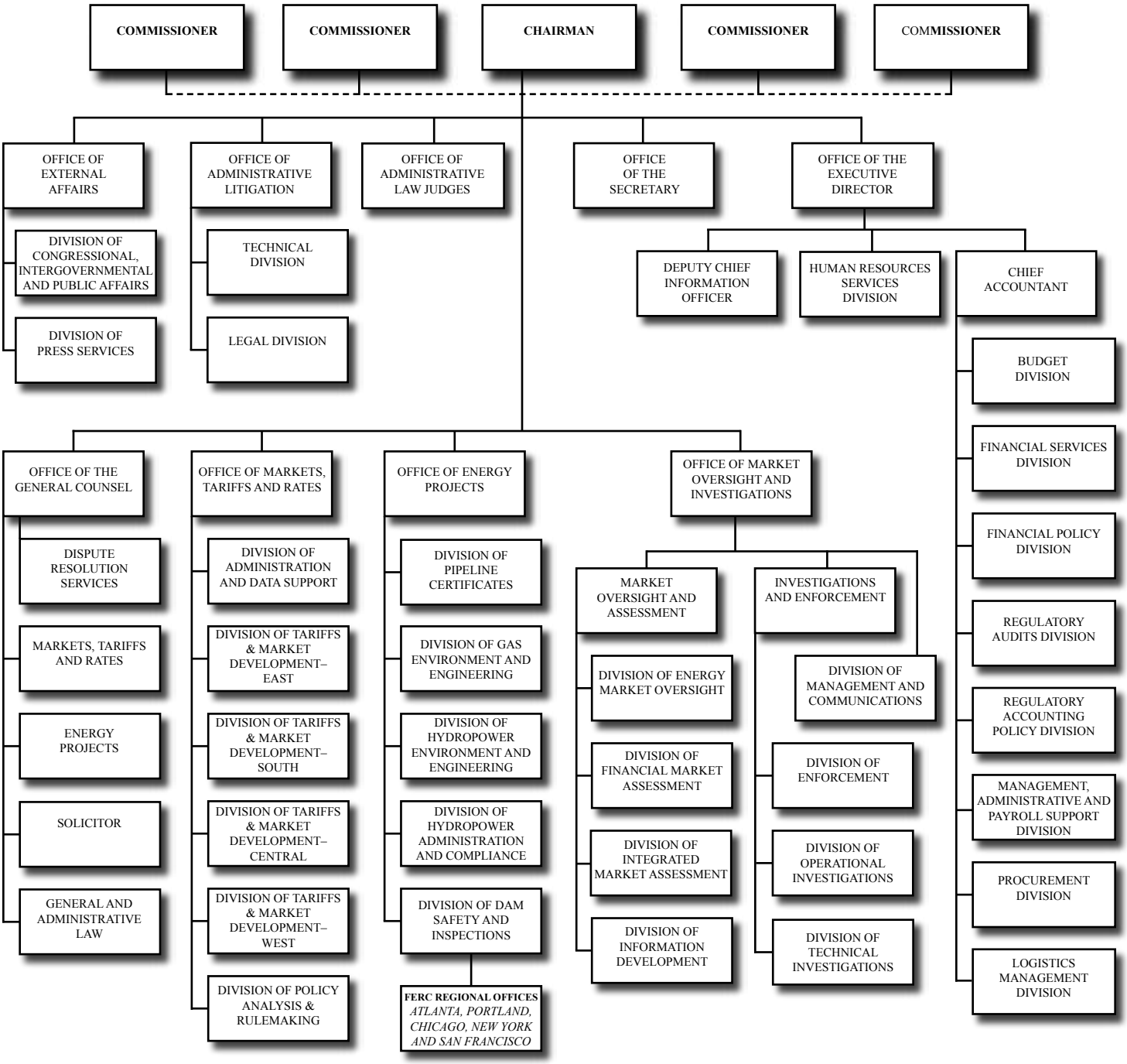
•Generate accurate and timely financial information to support operating, budget, and policy decisions.

COMMUNICATION

•Reach out to groups affected by agency actions for advance input.

•Build strong partnerships with all stakeholders, especially with states.

2003 FERC ORGANIZATIONAL CHART



Goals

Competition in electricity and natural gas markets promises to improve efficiency and spur innovation, thereby benefiting both energy customers and the nation's overall economy. At the same time, energy markets are unusually dynamic and can lead to unexpected results unless well-monitored. As a result, one of the Commission's three core goals is to protect customers and market participants through vigilant and fair oversight of transitioning energy markets.

Oversight, investigations and enforcement are important. The Commission's Market Oversight Program examines how electric power and natural gas markets work as a whole. It assesses the performance of energy markets, identifies key problems in the way those markets are operating, and recommends effective remedies in a timely way. Given the dynamic quality of energy markets, this process provides an essential feedback loop to make sure that market problems are largely self-correcting.

During FY 2003, the Commission developed the essential infrastructure for market oversight. The Commission now understands how rapidly evolving energy markets work, has developed key performance measures for electric power and natural gas markets, is able to identify possible weaknesses that need to be addressed (as well as strengths that can help other energy markets operate better), and has shown an ability to help markets improve their performance. The Commission has begun to develop strong partnerships with other institutions that can help monitor markets, especially the market monitoring units (MMUs) in regional electric markets. The Commission also began to develop partnerships with other federal agencies and state public utility commissions.

The Commission's Investigations Program remedies violations of statutes and rules by individual market participants. To do this, the Commission investigates and audits market participants as appropriate, identifies violations and provides remedies. In some cases, investigations feed into market oversight by uncovering patterns of behavior that require changes in rules or tariffs.

The Commission has committed itself to developing a first-rate market oversight and enforcement capability, now embodied in the new Office of Market Oversight and Investigations (OMOI). During FY 2003, OMOI became a fully staffed, fully functional organization.

Achievements

Market Oversight

OMOI has developed a series of regular reports that report energy market developments to the Commission and, in some cases, the public. These reports include:

- A biweekly Market Surveillance Report. This is a comprehensive report on new and ongoing developments in the natural gas and electric power markets, delivered at each closed Commission meeting in FY 2003.
- An annual State of the Markets Report. This is an overall evaluation of how well energy markets are working in each region of the country. The Commission developed the State of the Markets Report in FY 2003 and will issue the first full report early in FY 2004.

•Semi-annual assessments of natural gas and electric power markets. These reports highlight key issues in each industry. The Commission issued the first two assessments in public meetings during FY 2003.
•A daily energy report on market events over the previous 24 hours.

These reports give the Commission an unprecedented overview of market events and an early warning of new market developments. The Commission now understands the energy markets it regulates far more quickly and completely than before. Similarly, the State of the Markets Report will evaluate market results more completely than ever before. Over time, the market evaluations in the State of the Markets Report will become the best guide to the effectiveness of the competitive approach to energy markets.

QUICK, COGENT RESPONSE TO EMERGING MARKET ISSUES

During FY 2003, the Commission showed its ability to analyze key market issues in detail. Most important was the study of natural gas price spikes. In February 2003, natural gas prices rose to historic highs across North America, especially in the Northeast. The Commission's intensive investigation of the price spike showed that the high prices were consistent with market fundamentals (late-season cold weather, low storage pressure, limited gas supplies). A detailed examination of thousands of transactions available from electronic exchanges showed no symptoms of market manipulation.

IMPROVING MARKET PERFORMANCE

The Commission identified two major problems in market operation: the validity of published price indices and the efficiency of current credit clearing systems. Having identified the problems, the Commission held technical conferences with representatives from all key industry segments. These conferences clarified the issues involved and laid the ground work for industry and the Commission to work together to find solutions that will work over the long run.

MARKET INVESTIGATIONS

The Commission conducted many more investigations in FY 2003 than in FY 2002. These resulted in key successes that led to significant financial restitution for market abuses and the institution of new compliance programs. These include:

•**Reliant Energy.** The Commission expects Reliant to return $50 million as a result of the Commission's investigation into market abuses by Reliant in Western markets.
•**Transcontinental Gas Pipe Line Company.** The Commission imposed a $20 million civil penalty as a result of an investigation into Transco's illegally discriminating in favor of its affiliates.
•**Cleco Corporation.** The Commission imposed a $750,000 civil penalty (the first ever imposed under Part II of the FPA) and required Cleco to give $2.1 million in refunds to retail customers from improperly gained profits after investigating Cleco for anticompetitive practices favoring its affiliate.

•**Idaho Power.** The Commission imposed $5.8 million in refunds to retail customers after finding that Idaho Power gave undue preference to its wholesale marketing affiliate.
•**Nicor Gas.** The Commission found that Nicor violated the Commission's regulations and reporting requirements in entering negotiated rate contracts and ordered refunds to customers totaling $1.8 million.

These cases (among others) show the Commission's increasing ability to investigate market abuses and its continuing commitment to policing bad behavior effectively wherever it is found. Most important, the compliance programs the Commission is instituting as a result of its investigations provide tangible guarantees against a recurrence of bad behavior.

Developing Market Information

During FY 2003, the Commission significantly continued to obtain key market information from a wide variety of sources, and developed standard ways to display information that would highlight key aspects of market performance. It also significantly upgraded its flagship market data collection, the Electronic Quarterly Report (EQR). This report collects all electricity transactions from jurisdictional companies that happen within a quarter. Companies report the transactions within 30 days of the end of the quarter, and the Commission makes the results public. During FY 2003, the Commission focused on ensuring that affected companies comply with the requirement to file the report and improved the degree of consistency among company submissions. The result is an increasingly useful report. It will become the bedrock for many analyses of what has happened in markets.

Partnership with Market Monitoring Units

To oversee and investigate markets well, the Commission must work closely with many other agencies. During FY 2003, the Commission focused on developing a strong partnership with MMUs associated with RTO markets. The MMUs have far more detailed information about specific markets than the Commission can collect or monitor. On the other hand, RTO markets are profoundly influenced by neighboring regions and related markets (for example, natural gas markets), and the Commission has far more information about these markets than the MMUs do. As a result, close collaboration with MMUs is a strategic necessity for the health of interstate power markets. The Commission and the MMUs have begun to forge a strong partnership by agreeing on:

•A common mission statement, describing shared purposes.
•The outline of a standard market monitoring plan.
•A clear, formal structure of contacts and standard meetings between the Commission and the MMUs.
•A set of "triggers" for when the MMUs will contact the Commission.
•An initial set of standard market performance measures (metrics) that will provide comparable information on market performance in all the markets MMUs cover around the country.

FERC's Market Monitoring Center allows Commission personnel to monitor energy markets. FERC photo.

Goals

The Commission's primary goal in the energy markets area continues to focus on making wholesale natural gas and electric power markets work well in order to support a strong, stable national economy. To this end, the Commission is committed to encouraging competitive market institutions across the lower 48 states, and to implementing clear, self-enforcing market rules across the nation's regional bulk power markets that balance the interests of all market participants.

An important initiative within this goal is ensuring electricity reliability; an issue pushed to the forefront in the wake of the August blackout experienced in large areas of the Midwest, the Northeast, and Canada. The Commission will continue to promote a more reliable electricity system by: (1) fostering regional coordination and planning of the interstate grid through regional ISOs and RTOs; (2) adopting transmission pricing policies that provide price signals for the most reliable and efficient operation and expansion of the grid; and (3) providing pricing incentives at the wholesale level for investment in grid improvements and assuring opportunities for cost recovery in wholesale transmission rates.

In regulating the transportation of oil and natural gas in interstate commerce, the Commission will continue to seek ways to enhance pipeline transportation services, while safeguarding against the exercise of market power.

Achievements

Competitive Wholesale Power Markets

In April 2003, the Commission issued a White Paper on its Wholesale Power Market Platform which proposes a common set of principles for the design of electric transmission markets, while underscoring an increasingly flexible approach to allow for regional differences. The eight elements of the wholesale market platform are:

- regional independent grid operation;
- regional transmission planning process;
- fair cost allocation for existing and new transmission;
- market monitoring and market power mitigation;
- spot markets to meet customers' real-time energy needs;
- transparency and efficiency in congestion management;
- firm transmission rights; and
- resource adequacy approaches.

This proposal is intended to enhance wholesale competition and remove economic inefficiencies, while respecting regional differences. Regional technical conferences are being used to discuss with states and market participants in each region reasonable timetables for addressing wholesale market design issues and ways in which to tailor market design rules to benefit customers within each region.

Establishment of Regional Transmission Organizations

Additional progress was made in FY 2003 in establishing RTOs, although a significant amount of work still lies ahead. Proposals for RTOs were at various stages of completion in

most regions of the United States at the end of the fiscal year.

- The Midwest ISO operates in all or parts of several Midwestern states and one Canadian province.
- The Southwest Power Pool (SPP) has filed to establish itself as an RTO.
- The PJM Interconnection, which was granted RTO status in late 2002, was working with the Midwest ISO to create a joint and common market.
- The New York and New England ISOs had working groups striving to make the two ISOs act as if they were a single operator, and dispatch across seams in a manner that would be more consistent with dispatch over internal constraints.
- The California ISO is in the process of implementing a redesign of its wholesale electricity markets.

To further encourage development of regional transmission networks, the Commission proposed an incentive pricing policy on January 15, 2003. This would allow additional percentage points on a utility's return on equity when it participates in an RTO, divests its RTO-operated transmission assets, or pursues additional measures that promote efficient operation and expansion of the transmission grid. The Commission's proposed incentives would help encourage needed investment in transmission infrastructure and improve grid performance.

GENERATOR INTERCONNECTION PROCEDURES AND AGREEMENTS

In July 2003 the Commission issued standard procedures and a standard agreement between transmission providers and generators for the interconnection of generators larger than 20 megawatts, actions designed to facilitate development of needed infrastructure for the nation's electric system. The rule will reduce interconnection time and cost, help protect reliability, increase energy supply, and lower wholesale prices for the nation's customers by increasing the number and variety of independent generators that can compete in the wholesale electricity markets.

In a companion order also issued in July 2003, the Commission proposed a rule that would apply to the interconnection of small generators no larger than 20 megawatts. The proposed rule should expedite the interconnection of small generators, many of which use alternative fuels such as wind and solar, and innovative technologies. The rule should protect reliability, increase energy supply, and increase the number and variety of new generation sources, including the use of non-polluting alternative energy sources.

WESTERN MARKETS INVESTIGATION

On March 26, 2003, the Commission publicly released its Staff Final Report on Price Manipulation in Western Markets, culminating an exhaustive 13 month investigation into behavior that may have caused dramatic price spikes in Western energy markets in 2000 and 2001. This was one of the most prominent and challenging investigations of competitive markets the Commission has ever initiated.

Among its major conclusions, the Final Report determined that an underlying supply-demand imbalance and flawed market design created a fertile environment for manipulative conduct by market participants. It further concluded that there was clear evidence of market manipulation in western

markets and that the effect of such manipulation was exacerbated by the underlying supply shortage and flawed market rules.

The Final Report concludes that dysfunctions in the natural gas market partly stemmed from deliberate misreporting of natural gas prices to trade publications; that Enron OnLine, which gave Enron knowledge of market conditions not available to other market participants, was a key factor in wash trading; and that Enron manipulated thinly traded physical markets to profit in financial markets.

The Final Report recommended that the Commission issue show cause orders to market participants that may have engaged in gaming or anomalous market behavior or other conduct, as well as generic actions to address problems identified by the investigation.

PROPOSED MARKET BEHAVIOR RULES

Based on recommendations made in the Final Report, the Commission is reevaluating the reporting and accounting rules which govern FERC-regulated companies. On June 25, 2003, the Commission proposed that all electric market-based rate tariffs and authorizations (and all natural gas blanket marketing certificates) expressly prohibit a number of transactions and market behaviors. FERC proposed six specific rules relating to: (1) unit operation; (2) market manipulation; (3) communications; (4) reporting; (5) record retention; and (6) related tariffs.

Under the proposed market behavior rules, if it is found that a seller engaged in prohibited behavior, the seller would be subject to disgorgement of unjust profits and non-monetary remedies such as revocation of the seller's market-based rate authority or blanket certificate authority.

ENRON'S MARKET-BASED RATE AUTHORITY REVOKED; BLANKET GAS CERTIFICATES TERMINATED

On June 25, 2003, the Commission revoked the electric market-based rate authority of Enron Power Marketing, Inc. and Enron Energy Services, Inc. (Enron Power Marketers). In addition, six Enron-affiliated companies' natural gas marketing certificates were terminated.

These actions stem from the Commission's Final Staff Report in which staff alleged that Enron companies gamed western energy markets, severely disrupting the industry in 2000 and 2001. Acting on findings in the investigation, the Commission launched an enforcement proceeding, issuing a show cause order and directing the Enron companies to explain why they should be allowed to retain their broad authorization to trade in the electric and gas markets at market-based rates.

SUMMER 2003 POWER FAILURE IN THE U.S. AND CANADA

The Commission assisted the United States-Canada Joint Task Force in investigating the August blackout and identifying the steps needed to prevent similar events in the future.

In the longer term, the reliability of the grid will depend upon regional planning and operation of the transmission system; greater investment in infrastructure; and better methods of monitoring and managing transmission flow in order to relieve congestion. The Commission had under way several initiatives to address these issues, including: (1) promoting the formation of independent regional organizations with clear regional market rules to promote an efficient, reliable wholesale marketplace; (2) authorizing incentive rates for new infrastructure, including innovative technologies; and (3) identifying problems in the transmission infrastructure (e.g., determining the areas needing additional investment in transmission facilities).

Near Mathias, West Virginia, Commission personnel and Columbia Gas employees conduct an environmental compliance inspection along a natural gas right-of-way. FERC photo.

Goals

The Commission's challenge is to promote a secure, high-quality, environmentally-responsible energy infrastructure through consistent policies. The objectives for meeting these challenges include:

- Expediting appropriate infrastructure development to ensure sufficient energy supplies;
- Addressing landowner and environmental concerns fairly; and
- Promoting measures to improve the security and safety of the energy infrastructure.

Natural Gas Pipeline Infrastructure

The expeditious processing of certificate applications, while ensuring due process for those affected by natural gas projects, remains an ongoing goal for the Commission. Early stakeholder involvement in project development is important in accomplishing this goal. For that reason, the Commission encourages applicants to identify and address stakeholder concerns before the certification process formally begins. The Commission fosters early involvement by using such tools as the NEPA Pre-Filing Process and its gas outreach program.

In FY 2003, Greenbrier Pipeline Company became the first pipeline company to be certificated using the Commission's NEPA Pre-Filing Process.

The gas pipeline industry continues to pursue serving new markets aggressively. In this competitive environment, pipelines are proposing to serve markets already served by other pipelines. Competing pipelines and landowners, who question the need for the new projects, vigorously contest many of these proposals. Others with environmental concerns also question the need and any associated impacts. Processing these contested proposals requires significant resources, and the Commission remains fully committed to ensuring that multiple competing interests and timeliness issues are not only addressed, but that any decision authorizing the construction and operation of facilities reflects a balancing of these concerns. To that end, the Commission ensures that reasonable, but effective conditions and environmental mitigative measures are placed in certificate authorizations.

The increasing availability of Canadian offshore supplies, new deep-water production in the Gulf of Mexico and the growing market for natural gas in the Northeast will continue to result in large construction projects designed to bring these supplies to historic market areas. The Commission also expects that Canadian gas and oil suppliers will seek additional markets for their products in the U.S., and that producers will explore options to export gas to Canadian and Mexican markets.

Hydroelectric Infrastructure

Beginning in 2003 and extending to 2010, applications to relicense over 120 projects are due to be filed. A large percentage of these cases include large scale projects (with capacities that exceed 100 megawatts) that significantly affect regionally important environmental resources, and as such, have a high potential for conflicts between developmental and non-developmental interests.

The Commission basically has two goals in the licensing process. One is to ensure that the end product of the licensing process balances the multitude of competing interests and represents the most comprehensive development of the waterway. The second goal is to facilitate the timely completion of the licensing process. Both goals have been met through promoting the use of more collaborative

alternatives to the traditional licensing processes. These alternatives include what is known as the alternative licensing process (ALP), a flexible process tailored to the facts of the particular case and development of settlement agreements. ALPs and settlements provide the opportunity for: (1) early and continuing stakeholder involvement in the licensing process; and (2) better communication among stakeholders. By encouraging participation in these collaborative processes, the Commission's licenses more thoroughly address the needs of the stakeholders and, in addition, reduce the processing time after the application is filed with the Commission to less than half of that required for the traditional licensing process.

Building on the successes of this collaborative approach and in response to continuing requests for further license process streamlining, the Commission issued a new rulemaking that established the Integrated Licensing Process (ILP). This new process was, in large part, the result of a collaborative effort that involved representatives from virtually every interest group.

ACHIEVEMENTS

NATURAL GAS PIPELINES

CERTIFICATION

In FY 2003 the Commission certificated 17 major pipeline projects, resulting in 4.8 Bcf per day of additional capacity and 1,211 miles of new pipeline. With regard to storage facilities, the Commission authorized:

- 3.5 Bcf of peak-day deliverability of new and
- 16.5 Bcf of storage capacity and 3,730 MMcf per day of deliverability from LNG storage facilities.

With respect to LNG import terminals, the Commission has signaled a new regulatory approach that will remove federal financial and economic regulatory oversight that has proven to be a barrier to the development of new onshore sites. This new approach will not affect the jurisdiction of the facilities and staff will continue to address safety, security, and environmental concerns during the application process. If approved, the project will be regularly inspected throughout its operational life to ensure compliance with safety, security, and environmental requirements. In the Hackberry LNG Project proceeding, the Commission stated that the proposed import terminal is similar to gas production facilities and gathering pipelines and is therefore exempt from open access requirements. As a result, the Commission has provided financial certainty for companies looking to invest the billions of dollars often required to develop LNG facilities. Since that policy decision there has been an unprecedented movement to develop LNG facilities and it is significant to note that several LNG projects have, or plan to make use of the NEPA Pre-Filing Process.

SECURITY AND SAFETY OF NATURAL GAS INFRASTRUCTURE

As a result of the events of September 11, 2001, the Commission has emphasized the importance of the safety and security of the nation's infrastructure. In response to increased public concern over LNG plant security, Commission staff closely coordinate with representatives of all agencies having a role in safety and security matters, including the U.S. Coast Guard, the Department of Transportation (DOT), the Federal Bureau of Investigation (FBI), and state and local law enforcement. In addition, as part of its continuing inspection program, Commission staff conducted six biennial inspections of jurisdictional LNG peak-shaving and import facilities, placing increased emphasis on plant security measures and improvements.

Finally, FY 2003 marked the staff's first involvement with the National Association of State Fire Marshals, who are among the "first responders" to any natural gas pipeline emergency.

INFRASTRUCTURE POLICY GROUP

In fall 2002, the Commission assembled a specialized group of senior technical experts to form an infrastructure policy group to apprise the Commission of the status of the nation's energy infrastructure. This information is conveyed to the Commission through guidance on projects and issues before the Commission, the convening of regional conferences, the preparation of periodic regional reports, and the execution of special infrastructure studies. During FY 2003, conferences were held in Chicago and Denver.

COMMUNICATION AND PARTNERS

One important goal of the Commission's partnership efforts is ensuring that energy matters spanning the North America continent are addressed in concert. In FY 2003, the Commission again demonstrated its commitment to this effort by:

- organizing and participating in the semi-annual partnering effort with the Canadian National Energy Board (NEB) to discuss regulatory issues of mutual concern;
- initiating efforts to implement a partnership with the Mexican Comision Reguladora de Energia (CRE) using the NEB effort as a model; and
- championing, organizing and participating in the first trilateral meetings between the Commission, the NEB, and the CRE to discuss regulatory issues of mutual concern.

The Commission also participated in:

- National Energy Plan (NEP) group for streamlining energy projects;
- NEP taskforce to provide efficient federal response to a pipeline from Alaska;
- Department of Energy (DOE)/Canada Energy Consultative Mechanism to discuss cross-border gas and electric issues;
- NEP North American Energy Working Group to foster communication and cooperation among the governments and energy sectors of the United States, Canada and Mexico;
- Connecticut State Task Force reviewing siting and need for natural gas and electric projects; and
- Interstate Oil and Gas Compact Commission.

IMPROVED INFORMATION AVAILABILITY AND OUTREACH

In FY 2003, the Commission continued its outreach program to collect and disseminate information on ways for applicants, citizens, and state and other federal agencies to identify and resolve disputes before natural gas companies file their applications. These efforts are now focused on refining the NEPA Pre-Filing Process. In FY 2003 the Greenbrier Pipeline Project, which used the Pre-filing Process, received a certificate about 40 percent sooner than under the traditional processing time for a major project.

Another area in which the Commission has actively promoted outreach is industry training. Commission staff conducted six sessions of its Environmental Report Preparation (ERP) Seminars and Post-Certificate Environmental Compliance Seminars. Commission staff, and consultants with significant industry experience, delivered the training seminars.

HYDROPOWER LICENSING, ADMINISTRATION, COMPLIANCE AND SAFETY

LICENSING

COLLABORATIVE EFFORTS

Throughout FY 2003, the Commission continued to encourage the use of the ALP and the development of settlements. Of the 38 licenses issued during the year, 13 were based upon the use of the ALP or settlement agreements.

In September, the Commission issued the final environmental impact statement for the 912-MW St. Lawrence-FDR Hydroelectric Project No. 2000 spanning the St. Lawrence River from Massena, New York, to Cornwall, Ontario. The licensee, using the ALP process, developed a comprehensive settlement agreement with 13 other entities, including federal and state resource agencies, local governments, and non-governmental organizations (NGOs). The license was issued less than two years from the filing date of the application.

In July, the Commission issued new licenses for Madison Paper Industries, Inc.'s (Madison) Anson and Abenaki Project Nos. 2365 and 2364, located on the Kennebec River in Maine. Madison filed a settlement agreement in 2002 with 16 other entities, including federal and state agencies, local governments and NGOs. The licenses were issued less than 15 months after the ALP-prepared license applications were filed.

In December 2002, the Commission issued three new license orders for Northern States Power Company's (NSP) Holcombe, Wissota and Dells Project Nos. 1982, 2567, and 2670 and three license amendments for NSP's Cornell, Jim Falls, and Chippewa Falls Project Nos. 2639, 2491, and 2440 located on the Chippewa River in Rusk and Eau Claire Counties, Wisconsin. The licenses incorporated a settlement negotiated among NSP and 10 participants. The settlement resolved all outstanding issues involved in the licensing of the Holcombe, Wissota, and Dells Projects and the cumulative effects of the operation of all six Chippewa River projects, without any loss of generation or dependable capacity, which totaled 190 MW.

In December, the Commission issued an original license to FPL Energy Maine Hydro LLC (FPL) for the unlicensed Upper and Middle Dams Storage Project No. 11834 located on the Rapid River in Maine. The license application was prepared using the ALP process. FPL reached settlement with five participants in a collaborative proceeding.

In May, the Commission issued a new license to ALLETE, Inc., d.b.a. Minnesota Power for the 18-MW Blanchard Project No. 346 located on the Mississippi River in Minnesota. The license incorporated the terms of the settlement between ALLETE and the Minnesota Department of Natural Resources, including enhancements to fish and wildlife resources and improvements to recreational facilities. The license was issued less than two years from the filing date of the application.

In July, the Commission issued a new license for the 4.15-MW Bigfork Project No. 2652 located on the Swan River in Flathead County, Montana. The new license incorporated the provisions of a settlement agreement between PacifiCorp (licensee) and other stakeholders which resolved all recreational issues at the project.

In August, the Commission issued a new license to Orion Power New York GP II, Inc. for its 2.22-MW Newton Falls Hydroelectric Project No. 7000 located on the Oswegatchie River in New York. The license order also approved a settlement agreement among eight participants for the project's Upper and Lower Developments.

In August, the Commission issued an order approving a settlement agreement and issuing a new license to the Upper Peninsula Power Company (UPPC) for the 12-MW Bond Falls Project No. 1864 located in Michigan and Wisconsin. UPPC reached settlement with 10 parties using a collaborative approach that resolved relicensing issues concerning project operations.

Also in August, the Commission issued a license for the 20-MW Crane Valley Project No. 1354, one of the oldest pending licensing cases. Parties to the proceeding agreed to develop an amendment to the application using the ALP in an effort to address the outstanding licensing issues.

HYDROPOWER LICENSING RULE

In February 2003, the Commission issued a Notice of Proposed Rulemaking (NOPR) in which it proposed a new licensing process. The proposed rule was, in large part, the culmination of an interagency effort that included the Departments of Commerce, Agriculture and the Interior and suggestions from the National Review Group, which included representatives from the hydropower industry, NGOs, and Native Americans. This initial effort was designed to develop a process that would arrest some of the inefficiencies of the traditional licensing process. Most notably, the proposal would better coordinate NEPA scoping, study development and execution, and agency comment and recommendations so that multiple agency steps in the hydro licensing process would occur simultaneously rather than sequentially.

The Commission staff held a series of 12 public and tribal workshops across the country in March and April 2003. The goals of the workshops were to hear and consider stakeholder concerns about proposed rule language and find avenues for stakeholder consensus on solutions to those concerns. In addition, in April Commission staff sponsored a four-day stakeholder drafting session to provide an opportunity for federal and state agencies, Native Americans, NGOs, and other interested stakeholders to participate in drafting concepts and language for the final rule.

The product of this collaborative effort was issuance of a final rule that substantially modifies the licensing process. The new ILP process effectively ensures significant and early stakeholder involvement and provides for more timely completion of the licensing process. Specifically, the new process calls for more Commission staff and public involvement in the pre-filing phase of the process, increased stakeholder involvement in study plan resolution, and improved consultation between the Commission and Native Americans.

TRIBAL POLICY STATEMENT

In July, the Commission issued a policy statement on Consultation with Native Americans in Commission Proceedings in an effort to promote government-to-government relationships between the Commission and federally-recognized tribes. To help facilitate communication between the tribes and the Commission, a tribal liaison position was created.

ADDITIONAL HYDROPOWER CAPACITY

During FY 2003, the Commission issued a number of relicenses that, while including measures to protect and enhance environmental resources, also approved proposals to enhance power production. Specifically, licenses issued for the Abenaki, Wissota, Dells and Newton Falls Projects (Project Nos. 2364, 2567, 2670, and 7000) approved proposals to increase energy production by more than 10 MWs. In addition, an original license was issued for the Latteral 993 Project No. 12423 authorizing the construction of a new 1.5-MW hydropower facility in Idaho. License amendments authorizing the development of an additional 186 MWs of energy at existing projects were also issued in FY 2003. Finally, new capacity is being sought for less conventional hydropower facilities such as wave action facilities. The Commission approved AquaEnergy Group, Ltd.'s (AquaEnergy) request to use the ALP to prepare a license application for the Makah Bay Wave Energy Project, a pilot project designed to test the relatively new and developing wave energy technology off the coast of Washington State.

HYDRO LICENSING STATUS WORKSHOP

In November 2002, the Commission sponsored the second in a series of workshops on hydropower licensing proceedings that are five years old or older. Interested stakeholders were invited to discuss, on a project-specific basis, procedural impediments that precluded the Commission from taking final action. At least in part due to the actions spurred by the first workshop, the number of old cases had dropped from 51 in December 2001 to 35. As with the first workshop, the second workshop identified a key source of licensing delay--receipt of necessary state certifications and permits by applicants.

ADMINISTRATION AND COMPLIANCE

AUTHORIZING FEASIBILITY STUDIES FOR NEW HYDROPOWER PROJECTS

In FY 2003, approximately 80 preliminary permit applications were filed. The purpose of a preliminary permit is to maintain priority of application for a license during the three-year term of the permit, while the permit holder conducts investigations and secures data necessary to determine the feasibility of the proposed project and prepares a developmental application. During FY 2003, the Commission authorized the feasibility studies of about 100 hydropower projects, with a combined capacity of over 0.5 GW.

ASSISTANCE PROGRAM

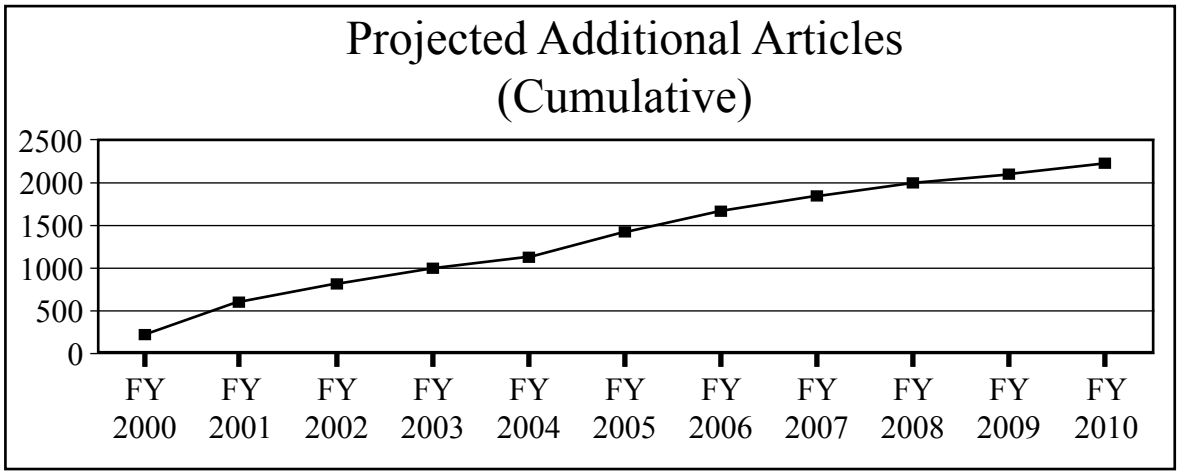
The Commission held shoreline management workshops in South Carolina and Wisconsin allowing staff and licensees to meet face to face with over 100 licensee representatives to discuss shoreline management issues. The Commission also held a technical meeting in Maine with resource agencies and the public to discuss the fish pump technology for passing fish over the Fort Halifax dam. Further, staff attended several workshops in Bedford and Franklin Counties, Virginia to assist Appalachian Power Company in developing its shoreline management plan for the Smith Mountain Pumped Storage Project No. 2210. In addition, Commission staff met with property owners in Leaburg, Oregon to assist them in understanding the license conditions for the Leaburg/Walterville Project No. 2496. The property owners were concerned about water levels, recreational facilities, aesthetics, and fish passage facilities.

Staff held a working session with shoreline property owners at the Biron Project No. 2192 in Wisconsin to discuss leases of project lands. As a result of the meeting, Wisconsin Valley Improvement Company (WVIC) revised its plan and built a boat launch that is more suited to the physical attributes of the site. Commission staff also conducted workshops in Maine, Vermont, and Wisconsin to brief officials of those states on the Commission's compliance program. Likewise, at the invitation of the Lake Lynn Advisory Council, Commission staff attended a working session at Lake Lynn Hydropower Project No. 2459 to advise the licensee, the Council, and the resource agencies of the Commission's role in reviewing changes and improvements to the project's recreation plan.

Commission staff conducted a drought management workshop in Atlanta which resulted in an exchange of ideas and information on recognizing droughts and identifying ways to improve and maintain coordination and cooperation among stakeholders during developing drought conditions. Commission staff also conducted a noxious plants workshop in Wisconsin.

COMPLIANCE WORKLOAD PROJECTION

The issuance of 220 new licenses (see following graph) will add about 2,200 more license articles, requiring numerous compliance filings and amendment applications. The annual workload receipts in this area have become increasingly complex as agencies and the public participate more fully and vigorously in setting license requirements, and negotiating settlements and agreements that are incorporated as conditions of the license. As a result, average annual workload receipts are expected to increase about 15 percent each year.



COMPLIANCE PLANS AND REPORTS

Licenses include conditions that will protect and enhance environmental resources. These conditions require licensees to prepare and file plans or reports with the Commission. These plans and reports may deal with project operation, development of recreational resources, improvements to fishery habitat, water quality protection, wildlife benefits, wetlands and vegetation improvements, and cultural resources protection. In FY 2003, the Commission completed reviews of about 1,000 of these applications.

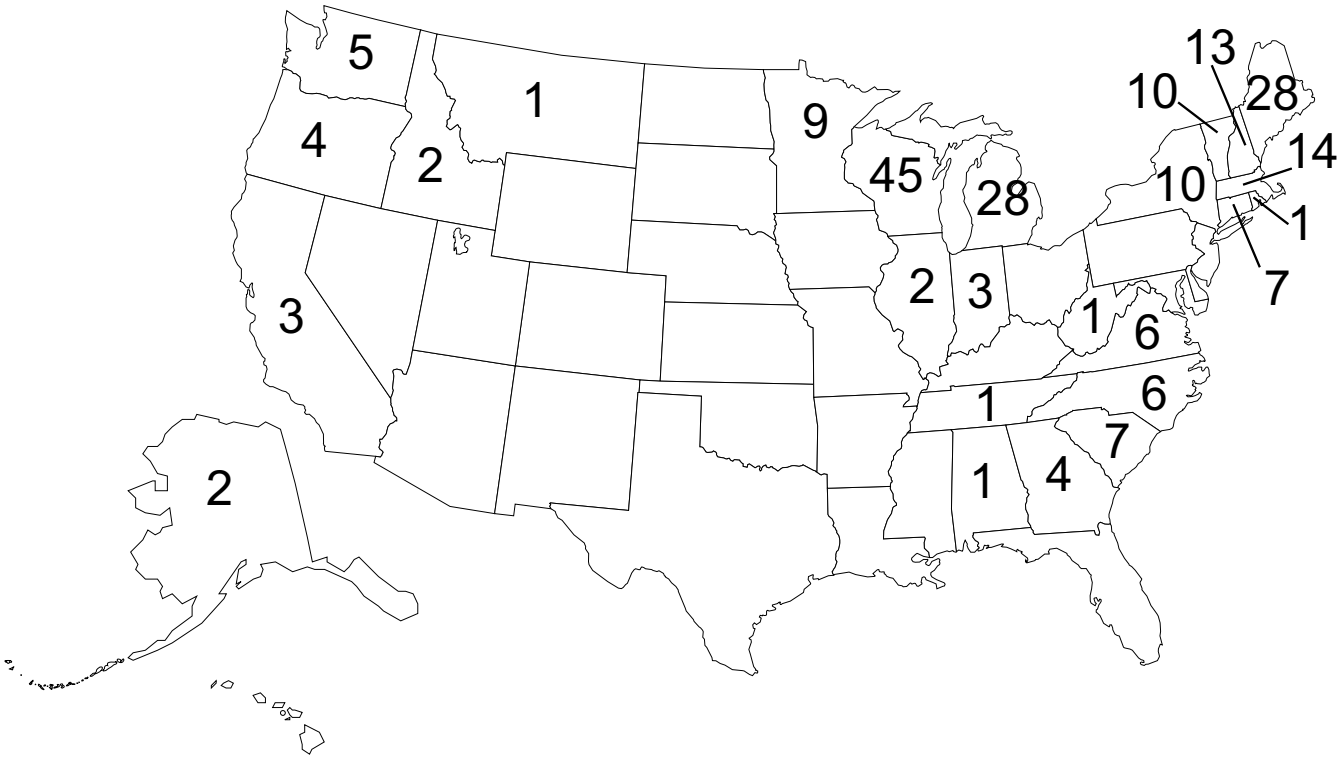
COMPLIANCE REVIEWS

In FY 2003, the Commission completed over 230 reviews of reports of non-compliance incidents related to environmental requirements and completed seven reviews of reports of non-compliance incidents related to engineering.

EFFECTIVENESS OF ENVIRONMENTAL MEASURES

In FY 2003, the Commission continued to review the results of its monitoring efforts to evaluate whether the environmental measures in licenses were providing the appropriate levels of protection, mitigation, and enhancement for environmental resources. The Commission issued a final report entitled "Mitigation Effectiveness Studies at Hydropower Projects: Water Quality" and a draft report entitled "Mitigation Effectiveness Studies at Hydropower Projects: Fish Passage." The final water quality report analyzed 81 hydropower projects and found that water quality monitoring

Fish Passage Review: Geographical distribution of 213 projects with at least one article that addressed fish passage.



and mitigation plans were well designed for their intended purpose to assess compliance with state standards and to identify water quality problems. The draft fish passage report analyzed 213 licensed projects with requirements concerning upstream and/or downstream fish passage (see map for geographical distribution of projects). These reviews will allow for improvements to environmental measures included in future licenses and, consequently, to the hydropower program objective of improving the environmental performance of hydropower projects.

JURISDICTIONAL REVIEW

The Commission's jurisdictional review program entails evaluating the jurisdictional status of all hydroelectric projects with licenses expiring within five years. In addition, staff evaluates the jurisdictional status of proposed projects, as well as licensed and unlicensed operating hydropower projects. Staff completed jurisdictional reviews for 10 projects.

HEADWATER BENEFITS STUDIES

During FY 2003, pursuant to section 10(f) of the FPA, staff conducted the Allegheny River Basin Headwater Benefits study using the Commission's Headwater Benefits Energy Gains (HWBEG) computer model. The owners of hydropower plants were assessed over $300,000 for energy gains benefits provided by the regulation of federal headwater storage projects in the basin during the period 1989 though 2001.

In FY 2003, about $6 million was collected in headwater benefits assessments for energy benefits provided by federal headwater storage projects in several river basins. Headwater benefits assessments are returned to the U.S. Treasury to offset headwater project construction costs.

SAFETY

The Commission's dam safety program, through its many components, helps ensure dam safety, public safety, environmental resource protection, and reliability in the electric industry.

PROJECT INSPECTIONS

The Commission is responsible for inspecting about 2,600 dams and related water retention structures. It conducts periodic inspections starting from the receipt of an application for a proposed jurisdictional project, throughout the term of a license. Types of inspections are prelicense, construction, operation, instrumentation, exemption, and special. The Commission's Division of Dam Safety and Inspections with its five regional offices conducts the inspections.

PERFORMANCE MONITORING

In FY 2003, the Commission began full implementation of an important aspect of its performance monitoring program–potential failure modes analysis. In addition, new Engineering Guidelines on Monitoring Performance of Dams were developed by the Commission, in coordination with licensees. This program helps safeguard important hydropower infrastructure, and provides cost-effective, targeted results.

PROVIDING DAM SAFETY ASSISTANCE TO FEDERAL AND STATE AGENCIES AND OTHER ORGANIZATIONS

The Commission is an active member of the Interagency Committee on Dam Safety, the U.S. Society on Dams, and the Association of State Dam Safety Officials, and shares its dam safety expertise internationally as well. During FY 2003, the Commission also provided dam inspection and evaluation services to the Nuclear Regulatory Commission and the Department of Energy, and assisted the Director of the Federal Emergency Management Agency (FEMA) in implementing the National Dam Safety Program.

EMERGENCY ACTION PLANNING

During FY 2003, Commission staff developed and held a workshop at the U.S. Society on Dams annual conference on Security and Emergency Preparedness at Dams. Action items for improving the national program resulted, and are being followed up on. The importance of a well-functioning Emergency Action Plan (EAP) has been heightened because of the threat of terrorist attacks on infrastructure. The EAP role has now been expanded to further provide a secondary line of defense against terrorist attacks. In the event that a security plan at a project does not thwart an attack, the project EAP serves as an additional mechanism to protect the public. The importance of emergency management personnel working closely with the dam owner to complete the emergency action plan test continues to be a point of emphasis. The presence of emergency management personnel provides valuable information and insight to dam owners on how the emergency response and recovery system operates. Commission staff continues to hold training courses and informational meetings with state emergency managers.

SECURITY AT DAMS

During FY 2003, the Commission further developed the FERC Hydropower Security Program and implemented new components, such as requiring vulnerability and security assessments at approximately 1,000 high-risk dams and providing guidance to dam owners in conducting these assessments. Coordination of Commission security efforts with the FBI and the Office of Homeland Security continued. Staff participated in workgroups, including the Interagency Forum on Infrastructure Protection, a Security Task Force of the National Dam Safety Review Board, and the FERC Hydro Security Task Force, comprised of FERC staff and licensee representatives, to assist in developing a unified and effective national response to security at dams.

Security and emergency preparedness at dams was the topic at this FERC workshop held in Charleston, South Carolina.

HYDROELECTRIC POWER TABLE

(PROJECTS FOR WHICH LICENSES WILL EXPIRE BETWEEN JANUARY 1, 2003 AND DECEMBER 31, 2008

License Expiration Date	Licensee	FERC Project No.	State	County	River	Installation {KW}	Period of Years	Facilities Under License	Subj. Fed.
1/31/2003	WOODS LAKE HYDRO	3410	CO	EAGLE	LIME CR	45	20	DM PH	N
2/28/2003	NY STATE ELEC & GAS CORP	2852	NY	STEUBEN	KEUKA LK	2000	20	DM PH	Y
2/28/2003	ENTERGY, ARKANSAS INC.	271	AR	HOT SPRING	OUACHITA R	65300	23	DM PH	Y
3/31/2003	AVONDALE MILLS INC.	5044	GA	RICHMOND	AUGUSTA	2475	20	DM PH	Y
4/26/2003	SOUTHERN CALIF EDISON CO	344	CA	RIVERSIDE	SAN GORGONIO CR	2250	20	DM PH	Y
4/30/2003	PAROWAN CITY CORPORATION	2782	UT	IRON	RED CR	500	25	DM PH	N
6/6/2003	FORD MOTOR COMPANY	362	MN	HENNEPIN	MISSISSIPPI R	18000	23	DM PH	Y
6/30/2003	PCA HYDRO INC.	2180	WI	LINCOLN	WISCONSIN R	3000	26	DM PH	Y
7/31/2003	JUDITH A. BURFORD	6418	CO	EAGLE	E BRUSH CR	8	20	PH	N
8/24/2003	ALLETE, INC	346	MN	MORRISON	MISSISSIPPI R	18000	23	DM PH	Y
8/31/2003	SOUTHERN CALIF EDISON CO	2086	CA	FRESNO	MONO CR	0	50	DM PH	N
9/18/2003	INDIANA MICHIGAN PWR CO	401	MI	ST JOSEPH	ST JOSEPH R	1750	25	DM PH	Y
9/30/2003	CHARTER TWNSHP OF YPSILANTI	5334	MI	WASHTENAW	HURON R	1920	20	DM PH	N
9/30/2003	PACIFIC GAS & ELECTRIC CO	2107	CA	PLUMAS	N FK FEATHER R	142830	50	DM PH	Y
10312003	NEW YORK POWER AUTHORITY	2000	NY	ST LAWRENCE	ST LAWRENCE R	912000	50	DM PH	N
10312003	PACIFIC GAS & ELECTRIC CO	233	CA	SHASTA	PIT R	325000	22	DM PH	Y
10312003	ALLETE, INC	469	MN	LAKE	KAWISHIWI R	4000	22	DM PH	Y
12312003	ALLEGHENY ENERGY SUPPLY	2516	WV	BERKELEY	POTOMAC R	1900	27	PH	Y
12312003	ALLEGHENY ENERGY SUPPLY	2517	WV	BERKELEY	POTOMAC R	1200	27	PH	N
3/31/2004	PUD NO. 1 CHELAN, WA	637	WA	CHELAN	CHELAN R	48000	30	DM PH	N
3/31/2004	S. D. WARREN COMPANY	2984	ME	CUMBERLAND	PRESUMPSCOT R	1800	20	DM PH	Y
4/10/2004	HYDRO-OP ONE ASSOC.	287	IL	LA SALLE	FOX R	3680	25	DM PH	Y
4/30/2004	UNITED WATER CONS DIST	2153	CA	VENTURA	PIRU CR	1420	50	DM PH	Y
4/30/2004	MERIMIL LIMITED PARTNERSHIP	2574	ME	KENNEBEC	KENNEBEC R	6915	35	DM PH	Y
4/30/2004	MADISON PAPER INDUSTRIES	2364	ME	SOMERSET	KENNEBEC R	16977	40	DM PH	Y
4/30/2004	MADISON PAPER INDUSTRIES	2365	ME	SOMERSET	KENNEBEC R	9000	40	DM PH	Y
6/30/2004	WISCONSIN PUBLIC SERVICE	1979	WI	LINCOLN	WISCONSIN R	4200	30	DM PH	Y
7/31/2004	NORWAY CITY OF MICHIGAN	2720	MI	MARINETTE	MENOMINEE R	5636	20	DM PH	N
7/31/2004	IDAHO POWER CO	2726	ID	GOODING	MALAD R	21770	25	DM PH	Y
9/30/2004	PPL HOLTWOOD, LLC	487	PA	PIKE	WALLENPAUPACK CR	44000	24	DM PH	Y
9/30/2004	BARTON VILLAGE, VT	7725	VT	ORLEANS	CLYDE R	1300	20	DM PH	N
10/31/2004	FALL RIVER RURAL ELECTRIC	1413	ID	FREMONT	BUFFALO R	250	24	DM PH	Y
10/31/2004	PACIFIC GAS & ELECTRIC CO	2105	CA	PLUMAS	N FK FEATHER R	342628	50	DM PH	Y
11/16/2004	PORTLAND GENERAL ELEC CO	477	OR	CLACKAMAS	BULL RUN R	21000	30	DM PH	Y
11/30/2004	INTERNATIONAL PAPER CO	4914	WI	BROWN	FOX R	1078	20	DM PH	Y
12/30/2004	CITY OF PAROWAN, UT	1273	UT	IRON	PAROWAN CR	600	30	DM PH	N
12/31/2004	OAKDALE & S SAN JOAQUIN	2005	CA	TUOLUMNE	M FK STANISLAUS	63990	50	DM PH	N
12/31/2004	OAKDALE & S SAN JOAQUIN	2067	CA	CALAVERAS	STANISLAUS R	17100	50	DM PH	N
12/31/2004	PACIFIC GAS & ELECTRIC CO	2130	CA	TUOLUMNE	M FK STANISLAUS	87900	50	DM PH	Y
12/31/2004	GEORGIA POWER CO	2177	GA	HARRIS	CHATTAHOOCHEE	129300	50	DM PH	Y
12/31/2004	MOSINEE PAPER MILLS CO	2207	WI	MARATHON	WISCONSIN R	3050	22	DM PH	Y
12/31/2004	PORTLAND/BLUE HERON PAPER	2233	OR	LACKAMAS	WILLAMETTE R	17500	50	DM PH	Y
2/28/2005	SOUTHERN CALIF EDISON CO	382	CA	KERN	KERN R	12000	30	DM PH	Y
2/28/2005	TAPOCO INC	2169	NC	BLOUNT	TENNESSEE	326500	50	DM PH	Y
3/31/2005	SOUTHERN CALIF EDISON CO	2174	CA	FRESNO	RANCHERIA CR	10800	50	DM PH	Y
3/31/2005	WISCONSIN ELECTRIC POWER	2181	WI	DUNN	RED CEDAR R	5400	50	DM PH	Y
3/31/2005	WISCONSIN ELECTRIC POWER	2697	WI	DUNN	RED CEDAR R	6000	49	DM PH	Y
4/30/2005	PACIFIC GAS & ELECTRIC CO	178	CA	KERN	KERN R	9540	30	DM PH	Y
4/30/2005	ALABAMA ELECTRIC COOP	2586	AL	COVINGTON	CONECUH R	8250	25	DM PH	Y
5/31/2005	GRAND RIVER DAM AUTH	2183	OK	MAYES	NEOSHO R	100000	50	DM PH	N
5/31/2005	CITY OF MARSHALL, MICHIGAN	6514	MI	CALHOUN	KALAMAZOO R	319	20	DM PH	N
6/30/2005	FPL ENERGY MAINE HYDRO	2194	ME	YORK	SACO R	4000	50	DM PH	Y
6/30/2005	N. E. W. HYDRO INC ET AL	7264	WI	OUTAGAMIE	FOX R	1390	20	DM PH	N
7/01/2005	PACIFICORP	2630	OR	JACKSON	N FK ROGUE R	36760	25	DM PH	Y
7/31/2005	IDAHO POWER CO	1971	ID	ADAMS	SNAKE R	1166900	50	DM PH	Y
7/31/2005	DUKE ENERGY CORPORATION	2601	NC	SWAIN	OCONALUFTEE R	980	25	DM PH	N
7/31/2005	DUKE ENERGY CORPORATION	2602	NC	JACKSON	TUCKASEGEE R	225	25	DM PH	N
7/31/2005	DUKE ENERGY CORPORATION	2603	NC	MACON	LITTLE TENNESSEE	1040	25	DM PH	N
8/01/2005	DUKE ENERGY CORPORATION	2619	NC	CHEROKEE	HIWASSEE R	1800	25	DM PH	Y

HYDROELECTRIC POWER TABLE

License Expiration Date	Licensee	FERC Project No.	State	County	River	Installation {KW}	Period of Years	Facilities Under License	Subj. Fed.
10/4/2005	NORQUEST SEAFOODS, INC.	620	AK	ALEUTIAN DIV	INDIAN CR	60	30	DM PH	N
10/31/2005	GRANT CTY PUD 2	2114	WA	GRANT	COLUMBIA R	1755000	50	DM PH	N
10/31/2005	ERIE BOULEVARD HYDROPOWER	7387	NY	ST LAWRENCE	RAQUETTE R	2700	20	DM PH	Y
11/10/2005	LOUISVILLE GAS AND EL CO	289	KY	JEFFERSON	OHIO R	80320	24	DM PH	Y
12/31/2005	PUBLIC SERVICE CO OF NH	1893	NH	MERRIMACK	MERRIMACK R	29700	25	DM PH	Y
1/31/2006	DUKE ENERGY CORPORATION	2686	NC	JACKSON	TUCKASEGEE R	24600	25	DM PH	Y
1/31/2006	DUKE POWER	2698	NC	JACKSON	TUCKASEGEE R	26175	25	DM PH	Y
2/14/2006	MONROE CITY CORPORATION	632	UT	SEVIER	MONROE CR	250	28	DM PH	N
2/28/2006	UNION ELECTRIC CO	459	MO	MILLER	OSAGE R	176200	25	DM PH	Y
2/28/2006	PACIFICORP	2082	OR	KLAMATH	KLAMATH R	151000	50	DM PH	Y
2/28/2006	DUKE ENERGY CORPORATION	2692	NC	MACON	NANTAHALA R	43200	25	DM PH	Y
3/31/2006	SOUTH CAROLINA PUBLIC	199	SC	BERKELEY	SANTEE R	134520	27	DM PH	Y
4/12/2006	N Y ST ELEC & GAS CORP	2738	NY	CLINTON	SARANAC R	38950	50	DM PH	Y
4/30/2006	PACIFICORP	935	WA	CLARK	LEWIS R	136000	22	DM PH	Y
4/30/2006	PACIFICORP	2111	WA	SKAMANIA	LEWIS R	240000	50	DM PH	Y
4/30/2006	PUGET SOUND PWR AND LT CO	2150	WA	WHATCOM	BAKER R	162400	50	DM PH	Y
4/30/2006	COWLITZ CO PUD NO 1	2213	WA	SKAMANIA	LEWIS R	70000	50	DM PH	N
6/30/2006	CHELAN CO PUD NO 1	2145	WA	DOUGLAS	COLUMBIA R	1237400	50	DM PH	N
8/31/2006	PORTLAND GENERAL ELEC CO	2195	OR	CLACKAMAS	CLACKAMAS R	136600	50	DM PH	Y
11/30/2006	ERIE BOULEVARD HYDROPOWER	7321	NY	FRANKLIN	SALMON R	1000	20	DM PH	N
12/31/2006	CITY & COUNTY OF DENVER	2204	CO	GRAND	WILLIAMS FK R	3000	50	DM PH	N
1/31/2007	CA DEPT OF WATER RES	2100	CA	BUTTE	FEATHER R	762850	50	DM PH	N
2/28/2007	HOLYOKE CITY OF MA	7758	MA	HAMPDEN	HOLYOKE CNL	760	20	PH	N
3/27/2007	PACIFIC GAS & ELECTRIC CO	606	CA	SHASTA	COW CR	4440	27	DM PH	Y
3/31/2007	FLAMBEAU HYDRO, LLC	9185	WI	BURNETT	CLAM R	1200	20	DM PH	N
4/30/2007	CHUGACH ELEC ASSN ,INC	2170	AK	SEWARD DIV	COOPER CR	15000	50	DM PH	Y
4/30/2007	GARKANE POWER ASSOC, INC.	2219	UT	GARFIELD	W FK BOULDER	4300	50	DM PH	Y
6/09/2007	FLAMBEAU HYDRO, LLC	9184	WI	BURNETT	YELLOW R	1076	20	DM PH	N
7/31/2007	ALABAMA POWER CO	82	AL	CHILTON	COOSA R	170000	32	DM PH	Y
7/31/2007	ALABAMA POWER CO	618	AL	ELMORE	COOSA R	100000	27	DM PH	Y
7/31/2007	SACRAMENTO M U D	2101	CA	PLACER	GERLE CR	640950	50	DM PH	N
7/31/2007	ALABAMA POWER CO	2146	AL	ELMORE	COOSA R	690900	50	DM PH	Y
7/31/2007	PACIFIC GAS & ELECTRIC CO	2155	CA	EL DORADO	S FK AMERICAN R	7000	45	DM PH	Y
8/01/2007	RESOURCES WEST ENERGY	2545	ID	SPOKANE	SPOKANE R	1366000	35	DM PH	Y
8/29/2007	ALASKA POWER & TEL CO	1051	AK	SKAGWAY-YAKUTAT	DEWEY CR	943	27	DM PH	N
8/31/2007	SOUTH CAROLINA ELEC & GAS	516	SC	NEWBERRY	SALUDA R	207300	23	DM PH	Y
8/31/2007	ALABAMA POWER CO	2165	AL	TUSCALOOSA	BLACK WARRIOR	203250	50	DM PH	Y
8/31/2007	NEW YORK POWER AUTHORITY	2216	NY	NIAGARA	NIAGARA R	2755500	50	DM PH	Y
11/30/2007	SOUTHERN CALIF EDISON CO	2085	CA	FRESNO	SAN JOAQUIN R	150938	50	DM PH	Y
11/30/2007	WOLVERINE HYDROELECTRIC	2785	MI	MIDLAND	TITTABAWASSEE	3300	20	DM PH	Y
12/31/2007	MONTANA POWER, L.L.C.	2543	MT	MISSOULA	CLARK FK R	3200	40	DM PH	Y
3/31/2008	SITKA CITY OF & BOROUGH AK	2230	AK	SITKA DIVISION	SAWMILL CR	7540	50	DM PH	N
4/30/2008	OTTUMWA CITY OF IOWA	925	IA	WAPELLO	DES MOINES R	3250	26	DM PH	N
4/30/2008	HYRUM CITY CORP UTAH	946	UT	CACHE	BLACKSMITH FK	400	27	DM PH	N
4/30/2008	ALCOA GENERATING	2197	NC	DAVIDSON	YADKIN R	209520	50	DM PH	Y
4/30/2008	CAROLINA POWER AND LT CO	2206	NC	STANLY	PEE DEE R	108600	50	DM PH	Y
6/15/2008	VIRGINIA ELEC & PWR CO	906	VA	AMHERST	JAMES R	7500	28	DM PH	Y
8/09/2008	CRISP COUNTY POWER COMM	659	GA	WORTH	FLINT R	15200	28	DM PH	N
8/31/2008	DUKE POWER CO	2232	NC	ALEXANDER	CATAWBA R	804940	50	DM PH	Y
9/30/2008	PEND OREILLE CTY PUD 1	2225	WA	PEND OREILLE	SULLIVAN CR	0	50	DM PH	N
11/30/2008	EUGENE CITY OF OR	2242	OR	LINN	MCKENZIE R	124500	50	DM PH	N

*INCLUDES TYPES OF FACILITIES AT EACH PROJECT, BUT NOT TOTAL NUMBER OF EACH TYPE (E.G. A PROJECT MAY CONSIST OF MULTIPLE POWERHOUSES OR DAMS). DM DAM, RS RESERVOIR, CL CANAL, TU TUNNEL, FM FLUME, PL PIPELINE, PK PENSTOCK, PH POWERHOUSE, TR TURBINE, GN GENERATOR(S), TC TAILRACE, TL TRANSMISSION LINE OR CONNECTION THERETO.

For Additional Information, Contact:
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