ANNUAL PERFORMANCE REPORT
FOR FISCAL YEAR 2002

FEDERAL ENERGY REGULATORY COMMISSION
FEBRUARY 2003

Pat Wood, III
Chairman

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CONTENTS

THE COMMISSION

The Federal Energy Regulatory Commission (FERC, the Commission) is an independent regulatory agency within the Department of Energy that:

- Regulates the transmission and sale of natural gas for resale in interstate commerce;
- Regulates the transmission of oil by pipeline in interstate commerce;
- Regulates the transmission and wholesale sales of electricity in interstate commerce by public utilities;
- Licenses and inspects private, municipal and state hydroelectric projects;
- Conducts environmental analyses related to the siting of natural gas pipelines, and the licensing of hydroelectric projects;
- Administers accounting and financial reporting regulations and conduct of jurisdictional companies;
- Approves site choices as well as abandonment of interstate pipeline facilities;
- Promotes understanding of energy market operations and technologies;
- Assures pro-competitive market structures and operations; and
- Remedies individual market participant behavior as needed to ensure just and reasonable market outcomes.

The Department of Energy Organization Act created the FERC on October 1, 1977, and abolished its predecessor, the Federal Power Commission (FPC). The Commission is composed of five members who are appointed by the President, with the advice and consent of the Senate. Commissioners serve five-year terms and have an equal vote on regulatory matters. No more than three members may belong to the same political party. The President designates one member to serve as Chairman and administrative head of the Commission. The Commission generally meets twice a month to transact business. Meetings are open to the public under the provisions of the Government in the Sunshine Act.

The Commission collects the full cost of its operations from annual charges and fees authorized by the Federal Power Act (FPA), Omnibus Budget Reconciliation Act of 1986 and other laws. Congress annually adopts a budget appropriation authorizing the Commission to use funds from the Treasury to meet operating expenses. The Commission returns to the Treasury all revenue from annual charges and fees; therefore, there is no direct taxpayer funding.

Mission

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

Organizational Structure

Approximately 1,184 full time equivalents carried out the Commission's mission in FY 2002 utilizing a budget of $184.2 million.

Below is a list of offices within the agency as well as a short description of the role they play in the Commission's operations. In FY 2002, FERC established two new offices, the Office of Market Oversight and Investigation and the Office of Administrative Litigation. An organizational chart for the FERC, as of November 10, 2002, is included at the end of this section.

Office of Energy Projects (OEP) – Fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric and natural gas pipeline energy projects that are in the public interest. Included in OEP are FERC's five regional offices located in Atlanta, Georgia; Chicago, Illinois; New York, New York; Portland, Oregon and San Francisco, California.

Office of Markets, Tariffs and Rates (OMTR) – Deals with matters involving markets, tariffs and rates relating to electric, natural gas and oil pipeline facilities and services.

Office of Market Oversight and Investigation (OMOI) – Oversees and assesses the operations of the nation's gas, oil pipeline and electricity markets.

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

Office of the General Counsel (OGC) – Provides legal services to the Commission. OGC represents the Commission before the courts and Congress and is responsible for the legal phases of the Commission's activities. Included in OGC is Dispute Resolution Service (DRS). DRS assists participants to achieve resolution of disputes through consensual decision making.

Office of Administrative Litigation (OAL) – Represents the public interest in administrative proceedings at the Commission. OAL provides testimony, exhibits and studies on electric rate, transmission, open access and restructuring cases and in natural gas rate-design cases.

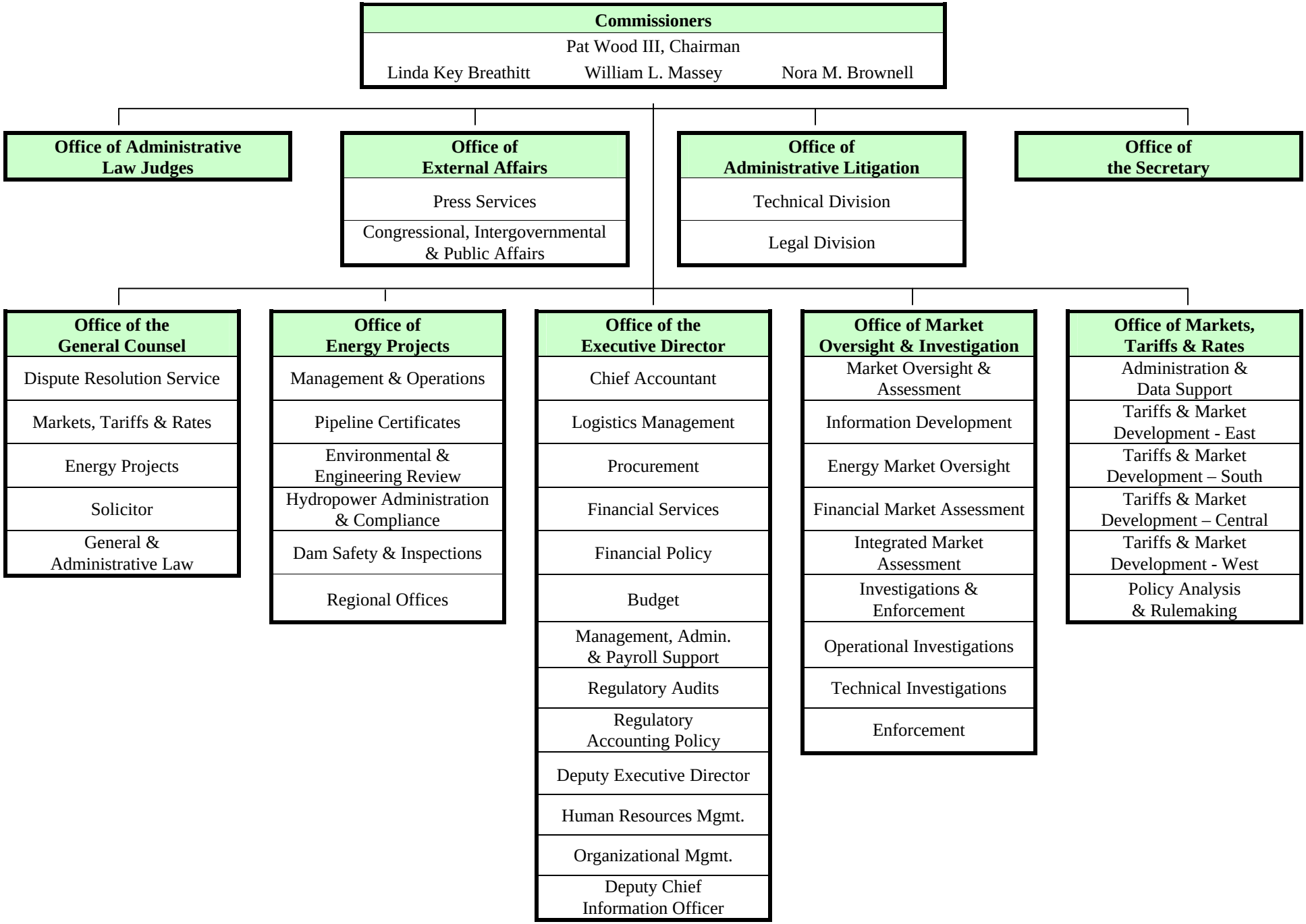
Office of External Affairs (OEA) – Responsible for all external communications with the public and media for the Commission.

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

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

Internal Controls

The Commission's internal control program includes internal reviews conducted by each office. The Financial Managers Fiscal Integrity Act (FMFIA) requires that agencies identify material internal control problems and report them to management. External auditors, such as the Department of Energy's Office of the Inspector General and the General Accounting Office, conduct audits annually. This year's reviews indicate a reasonable assurance that the Commission's management controls were working effectively, that applicable laws were being followed, and that our resources were safeguarded against waste, loss, or unauthorized use.


Commissioners
Pat Wood III, Chairman
Linda Key Breathitt
William L. Massey
Nora M. Brownell
Office of Administrative Law Judges
Office of External Affairs
Press Services
Congressional, Intergovernmental & Public Affairs
Office of Administrative Litigation
Technical Division
Legal Division
Office of the Secretary
Office of the General Counsel
Dispute Resolution Service
Markets, Tariffs & Rates
Energy Projects
Solicitor
General & Administrative Law
Office of Energy Projects
Management & Operations
Pipeline Certificates
Environmental & Engineering Review
Hydropower Administration & Compliance
Dam Safety & Inspections
Regional Offices
Office of the Executive Director
Chief Accountant
Logistics Management
Procurement
Financial Services
Financial Policy
Budget
Management, Admin. & Payroll Support
Regulatory Audits
Regulatory Accounting Policy
Deputy Executive Director
Human Resources Mgmt.
Organizational Mgmt.
Deputy Chief Information Officer
Office of Market Oversight & Investigation
Market Oversight & Assessment
Information Development
Energy Market Oversight
Financial Market Assessment
Integrated Market Assessment
Investigations & Enforcement
Operational Investigations
Technical Investigations
Enforcement
Office of Markets, Tariffs & Rates
Administration & Data Support
Tariffs & Market Development - East
Tariffs & Market Development – South
Tariffs & Market Development – Central
Tariffs & Market Development - West
Policy Analysis & Rulemaking

STRATEGIC PLAN AND BUSINESS PLAN

The United States has the world's most durable market economy, every sector of which depends vitally on energy. FERC's primary duty is to make natural gas and electric power markets work well and thereby support a strong, stable national economy.

During the past two years, American energy markets have suffered a series of shocks from sustained high electric and natural gas prices in the West to the collapse of Enron. These shocks have had long-term as well as short-term effects. In the short term, customers have sometimes paid very high prices for power. In the longer term, the financial instability of the industry and uncertainty about how markets will operate in the future has discouraged the infrastructure investment that is necessary to ensure the long-term health of the industries. FERC has responded to both the immediate market disruptions and the need for stable, fair long-term market structures.

FERC responded to the crisis in Western energy markets by mitigating unjustifiably high electric prices and ensuring that power sellers did not withhold supplies to drive up prices. These measures provided customers with relief from extreme spot market prices. FERC also removed a series of regulatory obstacles to expedite providing increased energy supplies to the West. Since June 2001, throughout the West electric prices have dropped to normal levels and below and remained there. Several factors led to this result: reduced demand, relatively mild weather, increased supplies and FERC's price mitigation. Nonetheless, it is abundantly clear that market crises can erupt quickly, especially in electricity. If not prevented or treated quickly, they can do enormous damage.

The Commission responded to allegations of market manipulation by Enron by undertaking a large-scale investigation, not only of Enron but also of all other market participants in the West. That investigation clearly showed ways in which Enron and others could manipulate the markets. FERC is continuing investigations of specific company practices. Equally important, FERC has instituted measures to prevent such behavior in the future. Similarly, FERC showed how unregulated companies could take loans from regulated subsidiaries in hopes that rate-payers might cover the losses in case of default. The Commission is currently examining ways to prevent customers from suffering from such behavior.

Given the experience of Western energy markets, it is now clear that the Commission's primary emphasis must be to facilitate a full transition to competitive wholesale energy markets as soon as possible, and to address crucial issues that arise during the transition. FERC's most important responses are:

- **A New Sense of Focus and Direction.** This is embodied by the Commission's new Strategic Plan (see Appendix A), approved on September 26, 2001, which forms the structure for both its budget and its efforts in the future.

- **An Increased Emphasis on Market Oversight and Investigation.** This is embodied in the third of the Commission's four goals, discussed below.

The new **Strategic Plan** lays out the Commission's goals in four areas:

1. Energy Infrastructure. Goal: Promote a Secure, High-quality, Environmentally Responsible Infrastructure Through Consistent Policies. This goal will encourage investment in the infrastructure needed to sustain energy markets by removing roadblocks, providing cost recovery clarity and welcoming innovative thinking about rates and use of new technology. By focusing on infrastructure, this goal covers many of the Commission=s important traditional responsibilities, for example, pipeline certificates, hydropower licenses and preliminary permits, compliance activities, environmental and other licensing conditions, dam safety inspections and most rate determinations.

2. Competitive Markets. Goal: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation. This goal focuses on FERC's need to complete the transition to competitive energy markets as quickly and comprehensively as possible. This will require the growth of many new institutions, particularly clearly defined and independent regional transmission organizations (RTOs), to make electric markets work. The Commission also needs to establish standardized market designs that will apply in every wholesale electric market, and encourage continued efforts by industry groups to standardize reliability and business practice standards, promote the use of demand-side participation in energy markets, and establish regional transmission planning. Along with some traditional work in the area of rate determinations, this goal furthers work on initiatives begun in the last couple of years such as RTOs and new policies for natural gas.

3. Market Oversight. Goal: Protect Customers and Market Participants Through Vigilant and Fair Oversight of the Transitioning Energy Markets. This goal will ensure that competitive energy markets benefit the Nation over the long run. FERC has established a new office to coordinate all market oversight and investigative activity. FERC needs a much stronger ability to recognize and respond to problems in the markets. At the systemic level, FERC needs to recognize problems when B or before B they develop and craft solutions quickly. The Commission must also be able to police individual behavior in markets much more effectively than in the past. Work toward this goal also includes more

traditional work, such as some aspects of litigation, dispute resolution, complaints, mergers and auditing.

4. Resource Management. Goal: Strategically Manage Agency Resources. The Commission will be unable to meet programmatic challenges without management support. This includes enhancing the talents and skills of the staff through recruitment and training, building effective, customer-friendly information technology (IT) services, supporting the Commission with logistics and financial services and strengthening strategic management processes. This goal also covers the Commission's communication, outreach and collaboration efforts.

FERC adopted its first annual **Business Plan** in September, 2001, detailing the Commission's activities and resource allocations to meet the Strategic Plan's goals and objectives. The Business Plan enables management to tie budget resources to Commission activities. To build in accountability, the Business Plan also identifies responsible offices, due dates and priorities. Developing the Business Plan is an iterative process. In its early stages, it is helping to identify which activities move the Commission toward particular goals and objectives. Future iterations will better refine priorities, identify gaps in implementation, organize resource allocation, and ensure the results the Commission wants to see by allowing FERC to more accurately compare estimated to actual resource use by strategic goals.

LOOKING AHEAD - MAKING MARKETS WORK

It is clear that market crises can erupt quickly, especially in electricity, and the Commission is acting to provide a much more stable long-term platform for electricity markets. Two initiatives are especially important:

- Standard Market Design (SMD), and
- Market Oversight and Investigation.

SMD. On July 31, 2002, the Commission proposed for public comment a new rule which will facilitate the adopting of standard designs for electric power markets using the best practices from around the country and the world. The rule is a comprehensive proposal for shaping electric markets throughout the country and, if adopted, will:

- Eliminate residual undue discrimination by creating uniform rules for transmission service across the interstate grid while permitting appropriate regional flexibility;

- Ensure that the transmission grid and short-term markets will be operated by a fair, independent organization (e.g., regional transmission organization (RTO));
- Establish procedures to monitor market operations and mitigate market power and manipulation;
- Preserve and expand the role of states in regional planning, resource adequacy, and pricing for new resources and facilities;
- Supplement long-term bilateral contracts with real-time energy markets that reveal the true costs of transmission congestion and value over location and time;
- Manage congestion on the electric grid by price instead of service denial, creating economic signals for new investments in infrastructure and technology;
- Establish procedures for minimum long-term regional resource adequacy using generation, transmission and demand-side resources, with details set by regional state committees;
- Permit customers under existing contracts to keep the same level and quality of transmission service if they choose to;
- Allow flexible transmission pricing, including participant funding (cost causers are cost payers) for new transmission facilities;
- Rationalize and improve power plant transmitting siting with better signals, participant funding, and regional resource planning; and
- Create stability and certainty for customers and investors.

This proposal will save customers money because effective wholesale markets will:

- Achieve more efficient use of the current electric system;
- Increase the number of new, efficient, clean generators built, which will drive down electricity prices;
- Treat everyone fairly;
- Protect existing contracts and service quality for native load;
- Prevent California-type melt-downs through market oversight and market power mitigation;
- Reduce price volatility; and
- Assign risk to the market, not customers.

The Commission's proposal will also improve reliability and security of the nation’s infrastructure because effective wholesale power markets will:

- Use stable and balanced market rules to encourage investment in new generation, transmission and demand reduction;
- Make smarter use of the existing transmission grid by using latest technologies;

- Encourage investment in new technologies that offer greater efficiencies and better environmental solutions;
- Adopt cyber-security standards that reduce grid vulnerability to terrorism;
- Increase and identify new resources available due to long-term planning and adequacy requirements, reducing short-term scarcity and outages; and
- Locate resources closer to customers, making the grid more reliable and secure.

When SMD is implemented, electric markets will have a strong long-term basis for providing customers with the very real – and very large – benefits that come from competition. For these reasons, the Commission is committed to properly formulating the rule in order to support reliable competitive markets in all regions across the country. Tailoring the market design so that the markets are established in a way that work most effectively in each region of the country is paramount. The intent of the standard market design proposal is to build on RTOs introduced in Order No. 2000, where the Commission recognized the need for regional variation in certain aspects of market design. In the Southeast and the West, for example, the Commission has recently reaffirmed this need for reliance on the formation of RTOs and regional differences that come naturally from that process.

Market Oversight and Investigation. One of the clearest lessons of the electric market crisis is that the Commission needs to do a much better job of policing natural gas and electric markets and at addressing problems before they become severe. In the spring of 2002, the Commission established the Office of Market Oversight and Investigation (OMOI). This Office's job is to make sure that energy markets work. It will, for example:

- Work with regional market monitors, serve as the "cop on the beat" to identify individual players who abuse their market position;
- Provide objective benchmarks to assess market conditions and infrastructure needs; and
- Identify and recommend remedies for problems in the way markets are structured or operating.

OMOI has given FERC the ability to identify market conditions and address market problems quickly and effectively. This is a necessary part of restoring public confidence in energy markets. FERC has developed a new Commission meeting process to update Commissioners frequently on market developments, the first essential change in how the Commission does business in many years.

PERFORMANCE MEASUREMENT RESULTS

To ensure the FERC is making strides in fulfilling its mission, the Commission developed its Strategic Plan and Business Plan as discussed above, as well as performance measures, in accordance with the Government Performance and Results Act of 1993 (GPRA). This section presents the detailed results of the Commission's performance measurements for FY 2002 for each strategic goal. Additional significant accomplishments are also included.

At this point it is essential to note that the FY 2002 performance measures were developed prior to the electricity crisis in the Western United States and the collapse of Enron. They were also developed prior to creation of the Commission's new Strategic Plan. Hence, FERC believes several of the measures (in particular those associated with Competitive Markets and Market Oversight) are ineffective. The Commission is working to develop better performance measures to capture the effectiveness and efficiencies of its programs based on the Commission's new strategic direction. Performance measures and targets for FY 2003 and FY 2004 as reported in FERC's FY 2004 Congressional Budget Request and Annual Performance Plan are provided in Appendix B.

As mentioned previously, the Commission's most significant activities in FY 2002 were the development of a SMD and the creation of OMOI. The Commission began advancing competitive markets through establishment of RTOs and development of a SMD. When a SMD is implemented, electric markets will have a strong long-term basis for providing customers with the very real and significant benefits that come from competition. After the country is required to adopt some form of SMD, new performance measurements will be developed to track its success.

Performance Measurements for Energy Infrastructure (Goal 1)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases completed in specified time	Specified time frames for FY 2002 to be determined in FY 2001 85% of cases completed within specified time frames: ‣ cases that involve no precedential issues and are unprotected, 159 days ‣ cases that involve no precedential issues and are protested, 304 days ‣ cases of first impression or containing larger policy implications, 365 days ‣ cases requiring a major environmental assessment or environmental impact statement, 480 days	Number of days to complete 85% of the cases: ‣ 119 days for Category 1 ‣ 188 days for Category 2 ‣ 293 days for Category 3 ‣ 475 days for Category 4
Inspect each major onshore construction project at least once every four weeks during construction and at least once after construction completion	100% of qualifying projects inspected per established schedule	All six major onshore projects were inspected at least once every four weeks

Comments:

- We exceeded our case processing times for all case types. For Category 1, 100% of the cases were completed in 159 days or less, for Category 2, 100% of the cases were completed in 304 days or less, for Category 3, 98.11% of the cases were completed in 365 days or less and for Category 4, 89.13% of the cases were completed in 480 days or less.

- We conducted 457 inspections to ensure compliance with environmental regulations and certificate conditions. We inspected all 68 onshore construction projects more than 2 miles long at least once. Six of the 68 projects involved more environmental issues and affected a significant population. Recognizing the potential impact of these major projects, we inspected them at least once every 4 weeks during construction, and at least once following completion.

Other Accomplishments:

Natural Gas Infrastructure: One of the major projects certificated this year involves the significant expansion of the Kern River Gas Transmission System, a natural gas pipeline which extends from southwestern Wyoming to key markets in Nevada and southern California. The $1.2 billion project, which effectively will double the capacity of the system, includes 716 miles of new pipeline, construction of 3 new compressor stations and modifications to 6 other existing stations and will add 885,600 Mcf per day of capacity to Kern River. The expansion will be used to serve growing markets in Nevada and California, particularly new gas fired electric generation plants which will aid in increasing needed

supplies of electricity in this region. The case was notable since it represented the first major gas project to be processed using the Commission's new NEPA Pre-Filing process. The Commission's final order approving the project was issued less than one year from the initial filing date of the application.

The following table provides a summary of the major natural gas facilities authorized by the Commission in FY 2002:

Type of Project	Facilities / Added Capacity
New Pipeline	2,144 miles; 7.8 Bcf per day additional capacity
New Storage	29.5 Bcf of capacity; 300 MMcf per day of deliverability
LNG Storage	2.8 Bcf of capacity; 1 Bcf per day deliverability

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increase the percentage of licenses issued for applications using alternative licensing process (ALP)	2% increase over FY 2001	9.4% increase over FY 2001
Percentage of filings addressing the development of increased capacity	25% of all relicense cases using ALP or other collaborative process	26% of licenses issued resulted in an increase in capacity; 27% of licenses issued based upon collaborative process (ALP) resulted in an increase in capacity

Comments:

- **Percentage of licenses issued using ALP:** The ALP process, or the non-traditional licensing process, can encompass processes that culminate in either the preparation of a license application or an amendment to the initial license application. The end result is a proceeding that many times contains settlements representing a consensus of stakeholder groups. The following table provides a summary of licenses issued that are based upon either ALP-developed license applications or applications amended through an ALP process.

Project	Location	Action
Rock Creek-Cresta	California	License issued approving a mulitparty FERC- facilitated settlement agreement
Mokelumne	California	License issued approving a multiparty FERC- facitlitated settlement agreement.
Cowltiz River	Washington	License issued approving a multiparty FERC- facilitated settlement agreement
Multiproject (4) Raquette River Project	New York	License issued approving multiproject and multiparty settlement agreement
Queens Creek Project	North Carolina	License issued approving a multiparty settlement agreement
Multiproject (2) St Regis River	New York	License issued approving multiproject and multiparty settlement

- **Relicenses issued resulting in increased capacity:** For licenses issued during FY 2002, there was a total increase in authorized capacity of 19.07 megawatts. For licenses issued pursuant to the collaborative process, the increase in authorized capacity was 18.03 megawatts, or almost 95 percent of the increase in total authorized capacity.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Evaluate and improve effectiveness of required environmental enhancement and mitigation measures	Conduct 5 site visits to evaluate effectiveness	Conducted 5 site visits and evaluated the effectiveness of the targeted environmental mitigation measures
	Hold 2 regional meetings with stakeholders	Held 3 outreach meetings, i.e., shoreline management workshop in August 2002, American Fisheries Society meeting in August 2002, and water quality workshop in September 2002
	Initiate annual reports to evaluate the effectiveness of this effort	Issued 2 reports titled “Mitigation Effectiveness Studies at the FERC; An Overview”; and “Mitigation Effectiveness Studies at the FERC: Draft Water Quality Report”
Percentage of high- and significant-hazard potential dams meeting all current structural safety standards	Percentage remains uniformly high	94% of high- and significant-hazard potential dams met all current structural safety standards
Percentage of high- and significant-hazard potential dams inspected annually	100% of qualifying dams inspected annually	100% of high- and significant-hazard potential dams inspected in FY 2002
Percentage of high- and significant-hazard potential dams in compliance with emergency action plan requirements	100% of qualifying dams in compliance	100% of high- and significant hazard potential dams in compliance with emergency action plan requirements
Update and add new chapters to the Engineering Guidelines, as appropriate	Complete revisions to Chapter 3 Gravity Dams	Chapter 3 – Gravity Dams and Chapter 8 – Hydrology were completed
Complete development of the dam performance monitoring program	Performance monitoring program established	Performance monitoring program was established and a pilot program was implemented

Other Accomplishments:

Activity	Results
Inspections	Conducted over 2,000 project inspections during FY 2002, to ensure that projects were being constructed, operated, and maintained in a safe condition and that they were operating in compliance with Commission requirements.
Remediations	Oversaw remediation completion at 26 dams. Further, we conducted remediation oversight at 63 dams still ongoing at year end. Total cost of the remediation we oversaw was about $383 million.
Seismicity	Worked with licensees and consultants on several critical Southeastern projects (Saluda, Santee-Cooper, and Wateree) to complete remedial seismic designs and to complete other pre-construction requirements.
Emergency Action Plan Program	Conducted an International Emergency Action Plan Workshop in April 2002. The workshop provided emergency planning information and improved coordination between dam owners and emergency management agencies.
Security at Commission Dams	Developed and implemented the FERC Hydropower Security Program, including coordination with the FBI and the Office of Homeland Security, participation in interagency security workgroups, categorization of FERC dams by risk, establishment of a rapid communication method, and implementation of additional security measures at projects to protect water retaining structures from sabotage.
Spillway Gate Design Review and Inspection	Continued comprehensive design review and physical inspection of all spillway tainter gates at high and significant hazard potential projects, following the experiences developed from the Bureau of Reclamation's Folsom Dam gate failure. During FY 2002, criteria and inspection frequency were established.
Assistance to Other Federal & State Agencies	Participated as an active member of the Interagency Committee on Dam Safety (ICODS), the U.S. Society on Dams (USSD), and the Association of State Dam Safety Officials (ASDSO), whom provides dam inspection and evaluation services to the NRC and DOE, and assists the Director of FEMA in developing and implementing the National Dam Safety Program. Commission represented at the WaterPower, USSD, and ASDSO Conferences.
Federal Dam Safety Guidelines	Made substantial contributions to FEMA ‘s federal dam safety guidelines including Federal Guidelines for Emergency Action Plans, Inflow Design Floods, and Hazard Potential Classification. Staff working to complete the Earthquake guideline.

Performance Measurements for Competitive Markets (Goal 2)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increase in types of tariffed services offered (e.g., parking and lending in natural gas)	Innovation indicates markets are working and market participants are creating their own solutions	In its Annual Performance Report for Fiscal Year 2001, the Commission acknowledged the ineffectiveness of this performance measurement to evaluate the agency's success at developing energy markets. New measurements will be in effect for FY 2003 with attributes the Commission perceives to be necessary for markets to function.
Number of wholesale service options available	Increase	Prior to FY 2002, the Commission believed tracking the number of wholesale service options available would provide a measure for increased pricing efficiency. This indicator became invalid once the Commission began advancing competitive markets through development of a standard market design. When a standard market design (SMD) is implemented, electric markets will have a strong long-term basis for providing customers with the very real and significant benefits that come from competition. After the country is required to adopt some form of SMD, new measurements will be developed to track its success (e.g., lowering costs through standardized features, etc.).

Other Accomplishments:

Established Regional Transmission Organizations (RTOs) to Operate the Transmission System and Oversee the Market: Proposals for the formation and operation of RTOs are in various stages of completion in all regions of the United States. The Midwest Independent System Operator, Inc. (Midwest ISO) was approved by the Commission as an RTO in December 2001 and commenced operations in February 2002 in all or parts of several Midwestern states and one Canadian province. The Southwest Power Pool (SPP) has proposed to join the Midwest ISO. The Pennsylvania-New Jersey-Maryland Interconnection (PJM), which was granted RTO status in December 2002, is working with the Midwest ISO and SPP to create a joint and common market that will span from the Atlantic Ocean to the Rocky Mountains. Finally, the Commission (1) approved essential parts of SeTrans RTO, which would extend over eight Southeastern states; (2) gave preliminary approval to WestConnect RTO, which would operate in parts of the Desert Southwest states of Arizona, Colorado, New Mexico and Utah, and (3) approved key aspects of the RTO West proposal, which includes all, or part of, eight Pacific Northwest states.

Developed Standard Market Design (SMD) to Quicken the Transition to Functional RTOs and Lower Transaction Costs Across RTOs: See discussion on pages 7-9 of this report.

Encouraged Needed Investment in Infrastructure: Issued a proposed rule in April 2002 to develop and adopt national standard electric interconnection agreements and procedures between transmission providers and generators. Established a separate rulemaking proceeding in August 2002 to establish standardized interconnection agreements and procedures applicable to small generators. Final rules are anticipated to be issued in FY 2003. In addition to promoting investment in infrastructure, good interconnection standards and procedures will serve to limit opportunities for transmission providers to favor their own generation and ease entry for competitors while ensuring efficient siting decisions.

Improved Competitiveness of Pipeline Grid (Order No. 637 Compliance): The Commission issued over 80 initial orders on pending Order No. 637 compliance filings that addressed the Commission's requirements relating to scheduling procedures, capacity segmentation, imbalance services, pipeline penalties and operational flow orders. These orders improve the competitiveness and efficiency of the pipeline grid, and benefit customers by enhancing pipeline transportation services. The compliance process for initial Order No. 637 filings is substantially complete.

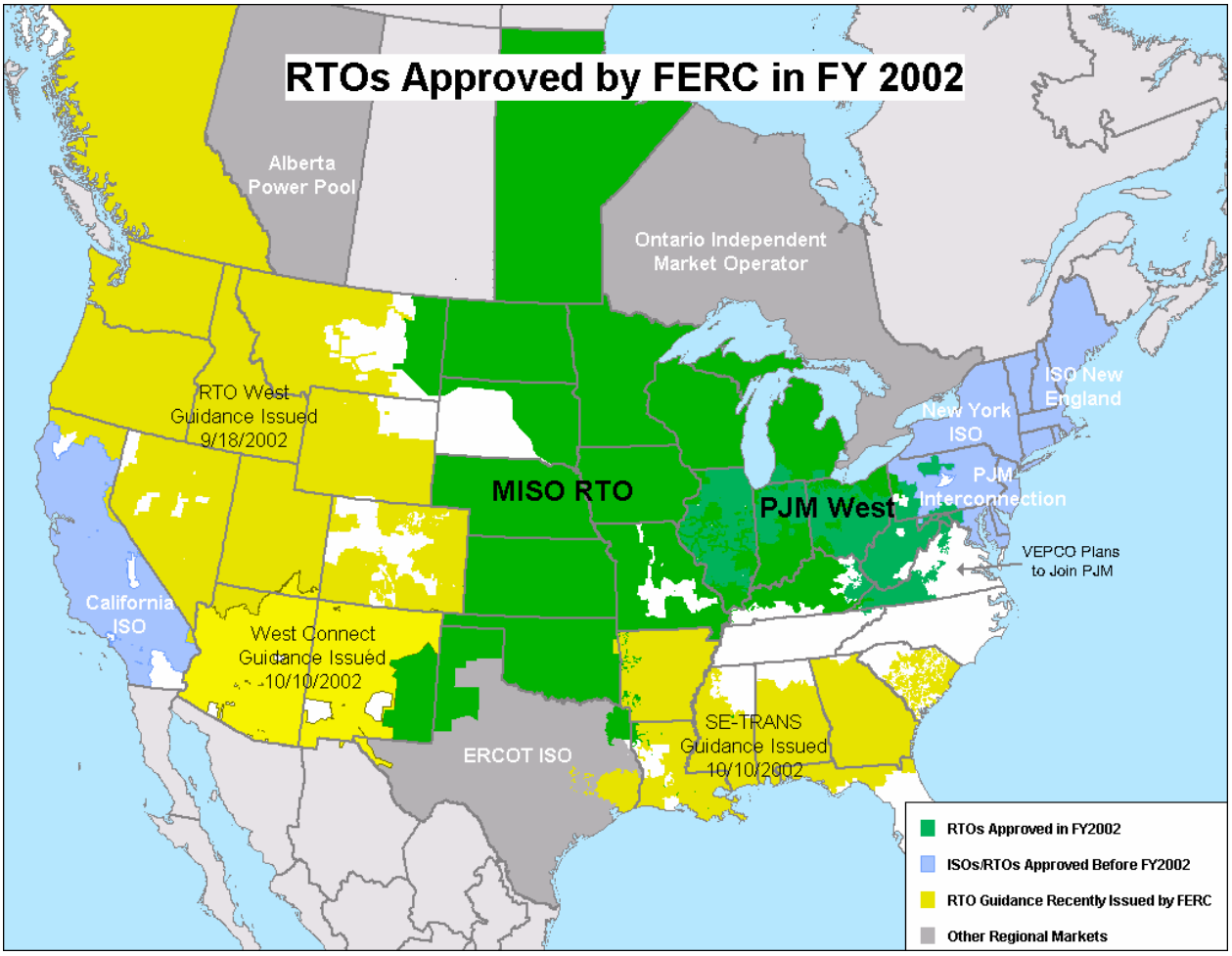
FY 2002		
Performance Measurement	**Performance Target**	**Result**
‣ Number and size of capacity holders by market ‣ Number and size of natural gas and electric secondary market participants ‣ Number and size of pipeline suppliers by region and major customer ‣ Number and size of electric power marketers	‣ Reasonable range of suppliers should lead to competitive pricing ‣ Participation indicates confidence in market rules and oversight	Several significant energy marketers have announced either plans to exit the energy trading business, or consideration of exit. Generally sited reasons include financial underperformance and credit concerns. The resulting contraction can have negative effects on liquidity in energy markets. Companies that have announced complete or partial exits from energy trading in recent months include large players like: • American Electric Power • Aquila • Dynegy • El Paso Companies considering exit include • Allegheny • CMS Some players have announced interest in entering as well, including the Bank of America.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increased services in the market (develop a time line for different services, e.g., new futures exchanges, new types of products (e.g., weather derivatives) and independent exchanges	New service offerings show adaptation to price volatility and help to stabilize markets through hedging of risks	With the end of Enron Online and Dynegy Direct, wholesale energy services largely shifted toward stronger, higher-quality services, including the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE). Enron Online and Dynegy Direct were not exchanges, but extensions of Enron's and Dynegy's marketing efforts. Consequently, they were susceptible to the credit weaknesses of their owners. Exchanges like NYMEX and ICE have better approaches to managing credit risk, and consequently are better for the industry. For example, NYMEX extended its credit clearing ability to certain over-the-counter natural gas and electricity trades. On October 22, 2002, NYMEX announced that it had cleared more than $1.1 billion of these deals since inception of the service on May 31, 2002. In addition, on June 17, 2002, NYMEX and the Chicago Mercantile Exchange (CME) introduced their e-miNY natural gas contracts that handle smaller volumes than standard NYMEX natural gas contracts, extending the reach of exchange-traded futures contracts to smaller energy companies. E-miNY contracts are traded on CME's GLOBEX electronic trading platform. ICE began over-the counter clearing as well, in March 2002. On November 7, 2002, ICE announced that total cleared notional value of natural gas contracts in the United States had surpassed $10 billion. Success of these higher-quality products is a positive sign for energy markets.
Volume of financial risk-hedging transactions, e. g. futures contracts	Viable financial markets provide critical support for physical markets	Futures contracts for natural gas have shown promise in 2002, strengthening to what appears to be record levels. To date, however, there has been no attempt to revive electric futures markets in the U.S.

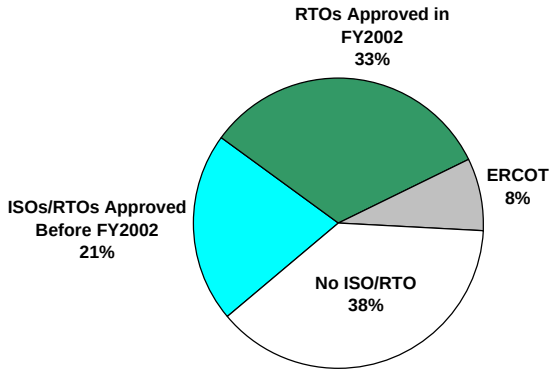
FY 2002		
Performance Measurement	**Performance Target**	**Result**
Response of prices to external conditions in natural gas and electricity (e.g., events, weather, plant outages)	Large price changes should normally be associated with some clear external event	Price differences that have been associated with external events in 2002 included: • The Leona fire in California in September 2002 caused a key transmission path to be taken out of service, and caused price differences between Northern and Southern California. • Hurricanes in the Gulf (Isidore and Lilli) caused temporary price increases in natural gas prices in September, but prices returned to normal levels after the storms. • Natural gas pipeline capacity into New York City is sometimes constrained, causing significant price increases. Price increases occurred at the end of July 2002 and early in August, with prices rising to a daily midpoint price $7.65. Although these price increases were related to capacity constraints on the pipeline system, they were nevertheless unusual for the season and are still being investigated to assess their cause. • Natural gas prices in Florida have spiked due to capacity problems that are exacerbated by lack of storage capacity. These price increases have occurred under higher load conditions or when Operational Flow Orders have limited pipeline capacity.
Level of price volatility and changes in price volatility in electricity and gas	Changes in price patterns over time can reveal underlying market conditions	Futures price information indicates a slight lowering of price volatility for natural gas since June 2002, in comparison to 2001. From June to September, 30-day volatilities for the near-month contract have ranged from 40 to 70, compared with 80 to 100 during the last quarter of 2001. Without futures prices, similar calculations cannot be made for electricity; however, volatility has clearly dropped from pre 2002 levels.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Correlation of commodity prices across regions; narrowing of commodity price differences in the absence of transmission constraints	Correlations should be near 1.0, except when transmission constraints bind and prevent free flow of commodities	This performance measure is intended to gauge the extent to which arbitrage is causing prices to clear across regions – if arbitrage is effective, price difference should narrow. For 2002, this measure was studied by examining price difference identifying causes that were preventing arbitrage from being effective, or conducting further study to identify causes. These analyses of external conditions are described above under the performance measure for the responsiveness of prices to external conditions.
Increased use of market hub services in natural gas and electricity	‣ Increased usage of market infrastructure indicates market depth and liquidity ‣ Increased electronic commerce reduces transactions costs and allows broader market participation	Use has been affected negatively by contraction in the industry (see page 16).
Growth of electronic services for the commodity and/or transportation		Higher quality options have replaced lower quality options and are showing some strength (see page 17).
Increased economic transmission distance		Growth in RTOs and the associated development of regional markets in the Midwest (MISO) and through additions to Pennsylvania-New Jersey-Maryland (PJM) have begun to provide the basis for the needed market infrastructure. PJM has added additional utilities as part of PJM west and is beginning the process of adding AEP and other utilities. MISO has begun operation and is planning the development of markets along the lines of the Commission's Standard Market Design (SMD.) In addition, there are designs being discussed among MISO and PJM for the operation of a joint market. These developments will begin to reduce the transactions costs of participation in a broader power market.

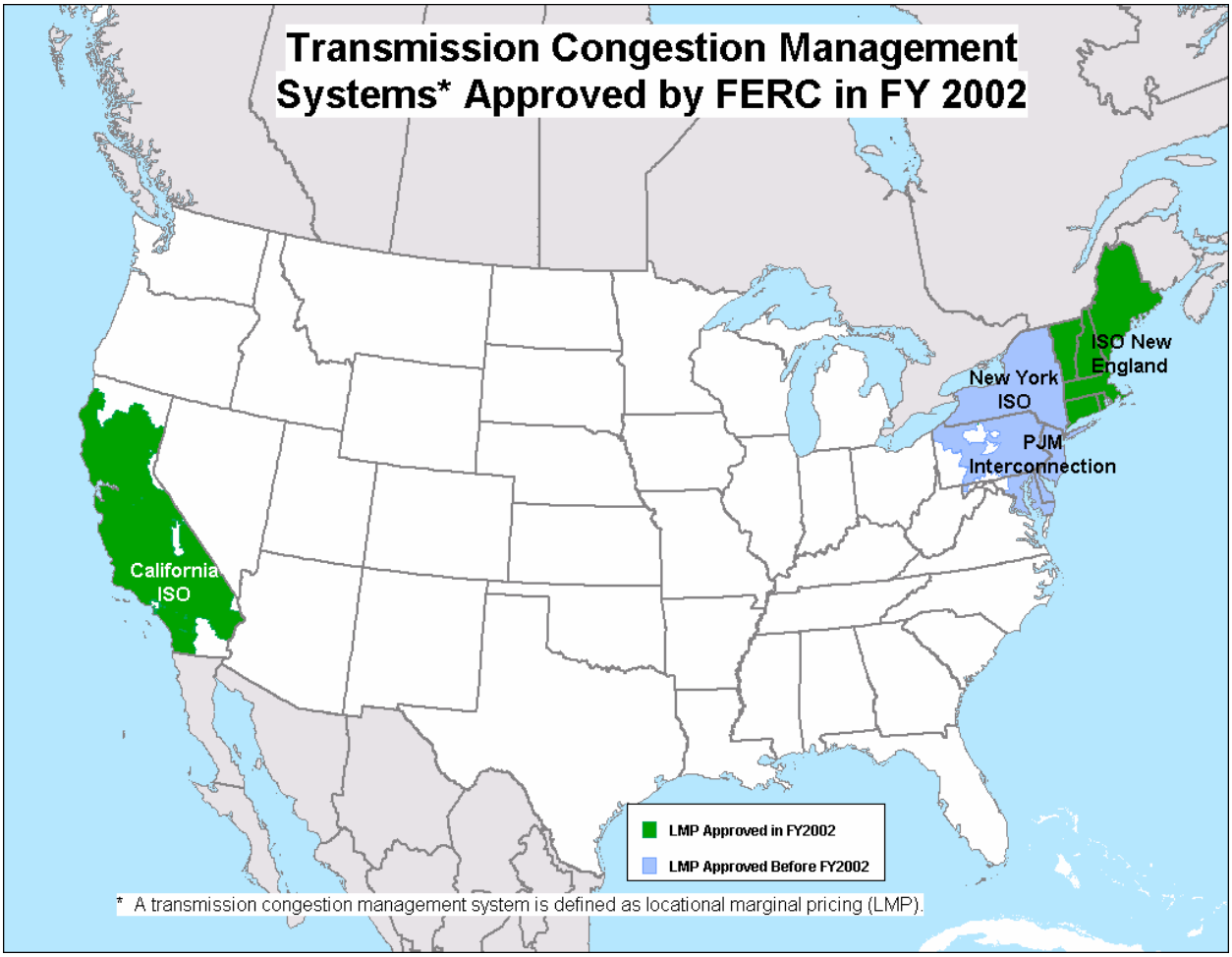
FY 2002		
Performance Measurement	**Performance Target**	**Result**
Investment in generation and transmission	Investment should be adequate to meet market needs	There has been substantial growth of generation capacity in 2002. Nationwide, approximately 71,000 megawatts of electricity capacity is expected to be added in 2002, on top of around 42,000 megawatts added in 2001. The total capacity added in these two years (113,000 MW) is greater than the total capacity added from 1990 to 1999 (87,000 MW.) At the same time, many future projects have been cancelled or tabled as a result of lower prices in forward markets and the financial problems of many companies. The current outlook is for adequate generation supplies in the near term, but an uncertain outlook in the longer term that will require continued assessment. Transmission investment increased in 2002 compared with previous years, roughly in proportion to the growth in generation. Thus, transmission capacity remains adequate for basic reliability and to accommodate the basic needs of interconnecting new generation capacity. However, there has been no evidence that transmission capacity has been expanded to address the needs of a changing market structure.
Number and type of reliability-related incidents (emergencies, involuntary load reductions, transmission load relief (TLRs))	AEmergencies@ should be infrequent; routine market rules should be able to handle most situations	TLR events have not decreased in 2002. This is one of the issues that the Commission is addressing in the Standard Market Design rulemaking.
Amount of load covered by regional institutions	20% increase over FY 2001	Performance target achieved. See map "RTOs Approved by FERC in FY 2002." The map shows a number of RTOs that received approval or preliminary guidance during FY 2002. A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21)
Amount of load with congestion management systems	20% increase over FY 2001	Performance target achieved. See map "Transmission Congestion Management Systems Approved by FERC in FY 2002." A statistical breakdown is provided in the graph "Transmission Congestion Management Systems Approved by FERC in FY 2002." (See map and graph on page 22)



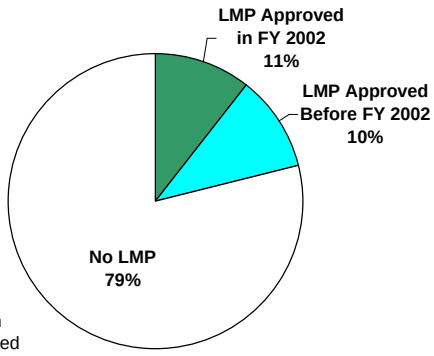
Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002



Source: FERC Form 714 net energy for load data for 2001.



Transmission Congestion Management Systems* Approved by FERC in FY 2002



* A transmission congestion management system is defined as Locational Marginal Pricing (LMP).

Source: FERC Form 714 net energy for load data for 2001.

Performance Measurements for Market Oversight (Goal 3)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of market monitoring institutions and systems	Increase over FY 2001	Performance target achieved. See the map "RTOs Approved by FERC in FY 2002." Market monitoring activities are conducted by market monitoring units (MMUs) within approved RTOs and independent system operators (ISOs). A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21)
Number of public utilities separating ownership or operation of transmission facilities from generation	Increase over FY 2001	Performance target achieved. See the map "RTOs Approved by FERC in FY 2002." For public utilities, separation of ownership or operation of transmission facilities from generation is a condition of approval to participate in an RTO. A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21) Separating energy transmission ownership or operation from energy production and sale is a circumstance of joining an ISO or RTO and serves to help prevent manipulation of the transportation system. While the Commission promotes and encourages forming RTOs, it has not directed companies to join; therefore, this performance measurement does not attain its intended purpose of measuring the Commission's success or failure in achieving such separation and effectively constrain some kinds of market power. After implementation, measurements that capture relevant aspects of standard market design should be more effective in tracking the Commission's success at developing energy markets (e.g., increase in the percentage of the country covered by independent transmission providers).

Other Accomplishments:

Processed Merger Applications: During FY 2002, processed merger applications within the 150-day review time adopted in Order No. 642 (which revised filing requirements for consistency with the Commission's 1996 Merger Policy Guidelines). Ensured that market power mitigation measures are in place through appropriate conditions.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of requests and referrals for ADR services	25% increase over FY 2001	**DRS:** There were 52 requests in FY 2001, and 51 requests in FY 2002. This represents a slight decrease. However, this amount also reflects an increase in the DRS non-case projects and development of stakeholder programs. The 51 request or active cases includes simple inquiries about ADR, cases in which persons eventually indicated that they were not interested in using ADR, cases referred to Enforcement Hotline, and ongoing cases.
Percentage of customers satisfied with ADR processes	85%	**OALJ/OAL:** Participants report near 100% satisfaction with ADR procedures. Satisfaction is indicated by calls from participants and by the increase in ADR procedures. **DRS:** 90% (21 out of 23 completed cases). Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).
Percentage of processes that achieve consensual agreements ‣ ADR processes ‣ Cases set for litigation resolved, at least in part, through consensual agreement	‣ 25% increase over FY 2001 ‣ 5% increase over FY 2001	**OALJ/OAL**: Settlements were achieved in 69 out of 79 cases through ADR procedures. In FY-2002: 69 out of 79 cases (86.3%) were completed through ADR. In FY-2001: 62 out of 77 cases were completed through ADR (80.5%) **DRS:** Settlements were achieved in 20 of 23 cases (87%) completed in FY 2002. Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases in time frames ‣ ADR processes completed ‣ litigated cases reaching initial decision	‣ 20% of ADR cases within 60 days ‣ 30% of ADR cases within 100 days ‣ 75% of ADR cases within 150 days ‣ 100% of ADR cases within 200 days ‣ 95% of simple litigated cases within 206 days (29.5 weeks) ‣ 95% of complex litigated cases within 329 days (47 weeks) ‣ 95% of exceptionally complex cases, 441 (63 weeks) ‣ 95% of regular complaints, 60 days ‣ 95% of Afast track@ complaints, 8 days	**ADR Cases – OALJ/OAL**: Of 69 cases completed by settlement: 4 were settled within 60 days (5.8%). 11 were settled within 100 days (15.9%). 18 were settled within 150 days (26%). 11 were settled within 200 days (16%). 25 were settled after 200 days (36%). **ADR Cases - DRS :** Of 23 completed cases: 5 were completed within 60 days (21%). 7 more were completed within 100 days (52%). 1 more was completed within 150 days (57%). 2 more were completed within 200 days (60%). The remaining 8 were completed in over 200 days. **Litigated Cases – OALJ/OAL:** **Track I Cases** – Standard processing Time = 29.5 weeks – None during FY 2002. **Track II Cases** – Standard Processing time = 47 weeks – FY 2002 average 32.5 weeks **Track III Cases** – Standard Processing Time = 63 weeks – FY 2002 average 39.42 weeks **Complaint Cases** – FY 2002 Complaints All took > 60 days to resolve.

Other Accomplishments:

Activity	Results
ADR non-case projects, including consultations, collaborations, trainings, presentations, facilitations, newsletter publication and research	DRS: Total numbers of non-case projects: 6 consultations; 4 collaborations; 5 trainings; 6 presentations; 3 facilitations; 1 newsletter publication; 1 research project Of these, 8 were internal to FERC and 19 were external to FERC. The newsletter is both internal and external to FERC.

Performance Measurements for Resource Management (Goal 4)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of documents and filings available and received electronically	10% increase over FY 2001	▸ The percent of qualified documents received electronically increased from 11.6% to 34.38% ▸ Number of filings received in FY 2001 was 1,968; in FY 2002 we received 8,903.
Reliability of IT infrastructure services	▸ 98% network availability ▸ 33% annual PC replacement ▸ 98% Internet site availability	▸ 98.5% network availability ▸ 33% annual PC replacement ▸ 99.5% Internet site availability
Percentage of agenda items issued within 5 working days of a Commission meeting	100%	100%
Percentage of electric notices issued within 5 working days of receipt of filing	95%	95%
Unqualified opinion on annual financial statements	Unqualified opinion	Commission received an unqualified opinion on its FY 2001 financial statements
Monitor manage-to-budget concept	Track biweekly; review quarterly	Performed bi-weekly updates to manage-to-budget spreadsheets used by managers to track spending, and reviewed status quarterly
Effective and efficient financial and administrative support	▸ Collect annual charges within 45 days of billing ▸ 98% of invoices paid by electronic funds transfer ▸ 1% increase in contract awards and purchase orders to small, minority, and women-owned businesses ▸ All contracts advertised online ▸ All contracts performance-based	▸ Collected 98% of the annual charges assessed in FY 2002 within 45 days of billing ▸ Processed 100% of payments electronically ▸ 92% increase ▸ All contracts were advertised online ▸ All contracts were performance-based
Increase diversity of staff in high grades	Increase diversity in GS-14, GS-15, and SES positions by 10% over current baseline	Increased the number of minorities in GS-14, GS-15 and SES positions by five (or 6%).
Number of new hires from recruitment program	Meet the Commission=s need for new talent through targeted recruitment, with 50% at entry levels	Exceeded 50% target level by 2%. Of the 103 permanent hires in FY 2002, 54 were entry level recruits. Met the Commission's need for new talent through targeted recruitment.
Staff participation in learning and development programs	▸ Expand leadership development program ▸ Implement development plans for 20% of staff ▸ Initiate employee rotational development program	▸ Completed 360-degree feedbacks with senior staff ▸ Developmental plans for all new Federal Career Intern Program (FCIP) interns ▸ Draft proposal for a pilot rotational development program in OED

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Periodic manager-staff discussions about performance accomplishments and improvements	Expand to 3 major offices the program for quarterly discussions on performance objectives	Made available to major offices the program for quarterly discussions on performance objectives. Completed the program in two offices.
Percentage of awards presented for helping accomplish specific Commission goals	More than 50% of awards for quality service based on accomplishments supporting strategic objectives	The target level was met. Based on the responses regarding FY 2002 incentive awards more than 50% of awards were given for quality service based on accomplishments supporting strategic objectives.

Comments:

- Although the Commission increased the number of minorities in GS-14, GS-15, and SES positions by only 6% rather than the target of 10%, the Commission notes that 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. However, the Commission maintains its commitment to increase diversity of staff in high grades.

Other Accomplishments:

In FY 2002 the Commission made progress in the following areas supporting the President's Management Agenda:

Strategic Management of Human Capital: Strategic and business planning clarifies the Commission's focus and priorities and the kinds of work efforts and resources necessary to meet FERC's goals and objectives. Tied to these efforts, the Commission is developing a comprehensive workforce planning process to guide recruitment, succession planning and employee development. That process will help the Commission accomplish its mission by having the right people, in the right places, doing the right things.

The workforce planning process has included the development of a Human Capital Plan. In that plan, each office identified current and desired skills requirements necessary to achieve the strategic goals of the Commission. The plan also identifies gaps in human resources by outlining the potential retirement wave facing the Commission, as well as workforce profiles for FERC and each program office. The plan provides data on the age and service of the Commission's leaders and also gender and diversity composition of the workforce. Based on statistical data on FERC's workforce, action items have been established and provide the foundation for recruitment, succession planning and employee development.

Expanded Electric Government: In April 2002, the Commission initiated the FERC On-Line project to achieve the President's Management Agenda initiatives of expanding electronic government (e-government). Currently, many categories of formal FERC documents may be filed via the Internet. E-Filing will be extended to all documents submitted in Commission proceedings, reducing the cost of making a filing for our customers

while reducing the cost and handling time for FERC to receive and process the document. An important goal is to be able to load documents filed with or issued by the Commission into our systems with less manual processing.

Budget and Performance Integration: The Commission's Manage to Budget program allows Commission offices direct control of their salary spending levels (note that salaries accounted for 51% of the Commission's FY 2002 operations). Ultimately, each office's performance relies on sound fiscal management and awareness of the impact personnel actions have on their salary budgets. This has enhanced the Commission's use of alternative measures for staffing, including use of retention allowances, recruitment bonuses, and the student loan program to attract and retain quality personnel. This in turn directly supports the President's management agenda initiative regarding strategic management of human capital.

APPENDIX A

Strategic Plan FY 2003 – FY 2008

Federal Energy Regulatory Commission
Strategic Plan FY 2003 – FY 2008

Vision

Dependable, affordable energy through sustained competitive markets

Mission

The Federal Energy Regulatory 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.
- Standardize interconnection of power generation plants of all sizes and technologies.
- Strengthen inter-agency coordination of hydropower licenses and gas pipeline certificates to expedite processing, consistent with due process.

Objective 1.2: Provide Clarity of Cost Recovery to Infrastructure Investors.

- Establish a timely process to include prudently incurred expansion costs in transmission and pipeline rates.
- Ensure that revenue levels and rate design for regulated company services support long-term competitive markets.
- Welcome balanced innovative rate of return proposals that incent pro-competitive behavior and publicly beneficial projects.

Objective 1.3: Address Landowner and Environmental Concerns.

- Encourage collaboration among affected parties and address stakeholder concerns before the licensing/certification 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.

- Work with other agencies and parties to identify and address security issues and needs.
- Support industry efforts to improve infrastructure security.
- Ensure strictest adherence to prudent dam safety practices.
- Facilitate prompt recovery of prudently incurred security and safety expenses in jurisdictional rates.

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 firm establishment of regional transmission organizations with clear responsibilities, independence and scope.
- Develop appropriate coordination with states to efficiently oversee regional power markets.
- Encourage balanced, industry-led organizations to develop reliability and business practice standards.
- Firmly establish transmission planning function on a regional basis, with a variety of technology solutions to meet reliability, security and market needs.
- Provide regulatory certainty through clear market rules and case-specific decisions.

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

- Link market-based rate authority to continued presence of balanced market conditions.
- Rely on international best practices to develop comprehensive market protocols/rules.
- Establish 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.

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

Objective 3.1: Promote Understanding of Energy Market Operations and Technologies.

- Develop and maintain an expert market-operation oversight and investigation capability.
- Keep abreast of industry and market trends and technological innovations to inform and guide market oversight.
- Enhance the Commission's deliberations and public discussion by developing market information and disseminating findings.

Objective 3.2: Assure Pro-Competitive Market Structure and Operations.

- Assess market conditions and infrastructure adequacy using objective benchmarks.
- Integrate the Commission's market oversight and the work of market monitoring units.
- 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 3.3: Remedy Individual Market Participant Behavior as Needed to Ensure Just and Reasonable Market Outcomes.

- Investigate market dysfunctions, exercises of market power and rule violations, and remedy problems through Commission authority.
- Use expedited dispute resolution to accelerate processes and minimize customer expense.
- Act swiftly on third-party complaints, using litigation before Administrative Law Judges as needed to determine factual issues.

Goal 4: Strategically Manage Agency Resources.

Objective 4.1: Manage Human Capital to Fulfill the Strategic Plan.

- Apply workforce planning to help meet the challenges of new Commission roles and changing workforce demographics.
- Get the job done flexibly and efficiently with the right mix of internal workforce and contracted services from the private sector.

Objective 4.2: Manage Information Technology to Best Serve the Public and Streamline Work Processes.

- Expedite interactions with customers through secure and efficient e-government initiatives.
- Build effective electronic workload/time-management and case-processing systems to enable getting the work done right and on time.

Objective 4.3: Clearly Communicate and Build Strong Partnerships with all Stakeholders.

- Proactively reach out to groups affected by agency actions for advance input.
- Build strong partnerships with all stakeholders, especially with states.

Objective 4.4: Strategically Manage Financial and Logistical 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.

APPENDIX B

COMPARATIVE PERFORMANCE MEASUREMENT DATA

Performance Measurements for Energy Infrastructure, FY 1999 B FY 2004

FY 1999		
Performance Measurement	**Performance Target**	**Result**
▸ The Commission=s certification program will allow the appropriate amount of new pipeline capacity to be available to serve the market when needed ▸ Certification of new pipelines will be timely, while fairly balancing the interests of the gas market, project sponsor, landowners, and the environment	Number of days to complete 82% of filings by case type: ▸ prior notice filings within 56 days [1] ▸ unprotested filings within 159 days ▸ protested filings within 304 days ▸ cases of first impression within 365 days	82% of filings completed in: ▸ 57 days ▸ 152 days ▸ 304 days ▸ 365 days
Inspect all onshore construction projects over 2 miles in length at least once	90% of projects inspected at least once	97% of projects inspected at least once
Inspect each major onshore construction project at least once every four weeks during ongoing construction activity	100% of projects inspected at least once	100% of projects inspected at least once
The Commission will reduce processing time under its control, particularly through the use of collaborative procedures and early involvement of staff	Establish a baseline	License filings using some form of collaborative process were completed in 0.99 years on average. Others averaged 2.77 years to complete.
Licensing conditions will protect and enhance beneficial public uses, both developmental and nondevelopmental	Establish a baseline	The Commission is in the process of developing automated systems to track both the conditions built into licenses and the monitored results.
Administration of hydropower developments will accommodate increasing public use without diminishing key water resource values	Establish baseline	During FY 1999, the Commission issued licenses for 19 hydroelectric projects. Of these, 14 were required to install new or up-graded recreational facilities. The remaining 5 were deemed adequate.
The percentage of high- and significant-hazard dams meeting all current structural safety standards will remain uniformly high	Establish baseline	94.3% of qualifying dams met current structural safety standards
One hundred percent of high- and significant-hazard dams will be inspected annually	100% of qualifying dams inspected annually	100% of qualifying dams were inspected
One hundred percent of high- and significant-hazard dams will comply with emergency action plan (EAP) requirements	100% of qualifying dams in compliance	99.8% of qualifying dams were in compliance

FY 2000		
Performance Measurement	**Performance Target**	**Result**
▸ The Commission=s certification program will allow the appropriate amount of new pipeline capacity to be available to serve the market when needed ▸ Certification of new pipelines will be timely, while fairly balancing the interests of the gas market, project sponsor, landowners, and the environment	Number of days to complete 82% of filings by case type: ▸ prior notice filings within 56 days[1] ▸ unprotested filings within 159 days ▸ protested filings within 304 days ▸ cases of first impression within 365 days	82% of filings completed in: ▸ 55 days ▸ 127 days ▸ 218 days ▸ 272 days
Inspect all onshore construction projects over 2 miles in length at least once	90% of projects inspected at least once	99% of projects inspected at least once
Inspect each major onshore construction projects at least once every four weeks during ongoing construction activity	100% of projects inspected at least once	100% of projects inspected at least once

[1] Since the Commission changed its regulations to require few prior notice filings, it no longer reports processing times for this type of filing.

FY 2000		
Performance Measurement	**Performance Target**	**Result**
The Commission will reduce processing time under its control, particularly through the use of collaborative procedures and early involvement of staff	Increased use of collaborative processes	License filings using some form of collaborative process were completed in 0.99 years on average. Others averaged 2.77 years to complete. In FY 2000, 40% of licenses issued involved settlements, up from 17% in FY 1999.
Licensing conditions will protect and enhance beneficial public uses, both developmental and nondevelopmental	Continue systems development	The Commission upgraded its automated system to track both the conditions built into licenses and the monitored results.
Administration of hydropower developments will accommodate increasing public use without diminishing key water resource values	Monitor baseline data	During FY 2000, the Commission issued licenses for 10 hydroelectric projects. Of these, 5 were required to install new or up-graded recreational facilities. The remaining 5 were deemed adequate.
The percentage of high- and significant-hazard dams meeting all current structural safety standards will remain uniformly high	Maintain current high standards	92.8 % of high- and significant-hazard dams meeting all current structural safety standards
One hundred percent of high- and significant-hazard dams will be inspected annually	100% of qualifying dams inspected annually	100% of qualifying dams were inspected
One hundred percent of high- and significant-hazard dams will comply with emergency action plan requirements	100% of qualifying dams in compliance	99.7% of qualifying dams were in compliance

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases completed in specified time	82% of cases completed within specified time frames: ‣ Category 1 - Cases that involve no precedential issues and are unprotested, 159 days; ‣ Category 2 - Cases that involve no precedential issues and are protested, 304 days; and ‣ Category 3 - Cases of first impression or containing larger policy implications, 365 days	Number of days to complete 82% of the cases: ‣ Category 1 - 136 days; ‣ Category 2 - 200 days; and ‣ Category 3 - 277 days.
Number of major onshore projects inspected at least every four weeks	Inspect each major onshore project at least once every four weeks	All six major onshore projects were inspected at least once every four weeks
Percentage of hydropower licenses issued that contain adaptive management provisions	5% increase over baseline	18% increase over baseline
Percentage of filings containing some form of collaboration	5% increase over baseline	33% increase over baseline
License processing time when prefiling collaboration occurred compared to license processing time when prefiling collaboration did not occur	10% less processing time	63% less processing time
Percentage of high- and significant-hazard potential dams meeting all current structural safety standards	90% of qualifying dams	94% of high- and significant-hazard potential dams met all current structural safety standards
Percentage of dams requiring EAPs that have tested, evaluated plans	99% of qualifying dams	99.9% of dams requiring EAPs had tested, evaluated plans
Percentage of dams with EAPs that have acceptance and certification from licensees and emergency response agencies	90% of qualifying dams	100% of dams with EAPs had acceptance and certification from licensees and emergency response agencies

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases completed in specified time	85% of cases completed within specified time frames: ‣ cases that involve no precedential issues and are unprotected, 159 days; ‣ cases that involve no precedential issues and are protested, 304 days; and ‣ cases of first impression or containing larger policy implications, 365 days ‣ cases requiring a major environmental assessment or environmental impact statement, 480 days	Number of days to complete 85% of the cases: ‣ 119 days for Category 1 ‣ 188 days for Category 2 ‣ 293 days for Category 3 ‣ 475 days for Category 4
Inspect each major onshore construction projects at least once every four weeks during construction and at least once after construction completion	100% of qualifying projects inspected per established schedule	All six major onshore projects were inspected at least once every four weeks
Increase the percentage of licenses issued for applications using alternative licensing process (ALP)	2% increase over FY 2001	9.4% increase over FY 2001
Evaluate and improve effectiveness of required environmental enhancement and mitigation measures	Conduct 5 site visits to evaluate effectiveness	Conducted 5 site visits and evaluated the effectiveness of the targeted environmental mitigation measures
	Hold 2 regional meetings with stakeholders	Held 3 outreach meetings, i.e., shoreline management workshop in August 2002, American Fisheries Society meeting in August 2002, and water quality workshop in September 2002
	Initiate annual reports to evaluate the effectiveness of this effort	Issued 2 reports titled “Mitigation Effectiveness Studies at the FERC; An Overview"; and “Mitigation Effectiveness Studies at the FERC: Draft Water Quality Report”
Percentage of filings addressing the development of increased capacity	25% of all relicense cases using ALP or other collaborative process	26% of licenses issued resulted in an increase in capacity; 27% of licenses issued based upon collaborative process (ALP) resulted in an increase in capacity
Percentage of high- and significant-hazard potential dams meeting all current structural safety standards	Percentage remains uniformly high	94% of high- and significant-hazard potential dams met all current structural safety standards
Percentage of high- and significant-hazard potential dams inspected annually	100% of qualifying dams inspected annually	100% of high- and significant-hazard potential dams inspected in FY 2002
Percentage of high- and significant-hazard potential dams in compliance with emergency action plan requirements	100% of qualifying dams in compliance	100% of high- and significant hazard potential dams in compliance with emergency action plan requirements
Update and add new chapters to the Engineering Guidelines, as appropriate	Complete revisions to Chapter 3 Gravity Dams	Chapter 3 – Gravity Dams and Chapter 8 – Hydrology were completed
Complete development of the dam performance monitoring program	Performance monitoring program established	Performance monitoring program was established and a pilot program was implemented

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Percentage of natural gas pipelines with approved Order No. 637 compliance filings	100% of pipelines subject to Order No. 637	
Statutory cases by workload category	All cases competed by statutory action date	
Merger and qualifying facilities workload (regulatory cases)	80% of cases completed by regulatory deadline	
Number of cases requiring additional remedial action	Less than 20% of all cases processed in FY 2003 require additional remedial action	

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Timely processing of filings seeking recovery of security and safety expenses in jurisdictional rates	Process filings: ‣ within 30 days for gas and oil rate filings ‣ within 60 days for electric filings	
Implement generic policy on Big Generator Interconnections and Small Generator Interconnections	Issue final rules on both policies in FY 2003	
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames: ‣ unprotested cases that involve no precedential issues, 159 days ‣ protested cases that involve no precedential issues, 304 days ‣ cases of first impression or containing larger policy implications, 365 days ‣ cases requiring a major environmental assessment or environmental impact statement, 480 days	
Percentage of filings addressing the development of increased hydropower capacity	25% of all relicense cases using ALP	
Increase non-federal hydropower capacity	Complete license amendments proposing increased capacity/generation in less than 12 months	
Percentage of hydropower licenses approved within specified time frames	75% of licenses approved within the following time frames: ‣ ALP median case, less than 16 months ‣ Traditional median case, less than 43 months	
Inspect each major onshore pipeline project at least once every four weeks during ongoing construction activity	100% of qualifying projects inspected per established schedule	
Increase the percentage of hydropower licenses issued using ALP	2% increase over FY 2002	
Evaluate and improve the effectiveness of required environmental enhancement and mitigation measures in hydropower licenses	‣ Conduct 5 site visits ‣ Hold 2 regional meetings with stakeholders ‣ Disseminate 2 environmental effectiveness reports	
Percentage of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams inspected annually	
Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	
Percentage of high- and significant-hazard-potential dams in compliance with EAP requirements	100% of qualifying dams in compliance with EAP requirements	
Update and add new chapters to the Engineering Guidelines, as appropriate	Issue new or revised Engineering Guidelines chapters, as appropriate	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Complete implementation process of interconnection policies	Process compliance tariff filings within 60 days of filing date	
Percentage of relicense filings based upon ALP's	25% of all relicense cases using ALP	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames: ‣ unprotested cases that involve no precedential issues, 159 days ‣ protested cases that involve no precedential issues, 304 days ‣ cases of first impression or containing larger policy implications, 365 days ‣ cases requiring a major environmental assessment or environmental impact statement, 480 days	
Percentage of final NEPA documents, required for hydropower license applications filed after FY 2002, completed within specified time frames	75% of final NEPA documents prepared for licenses approved within the following time frames: ‣ ALP case, less than 16 months ‣ Traditional case, less than 24 months	
Inspect each major onshore pipeline project at least once every four weeks during ongoing construction activity	100% of qualifying projects inspected per established schedule	
Percent of final NEPA documents based upon comprehensive settlement agreements completed within specified time frames	75% of final NEPA documents prepared for final comprehensive license settlement agreements are completed within 12 months	
Statutory cases by workload category	All cases competed by statutory action date	
Merger and qualifying facilities workload (regulatory cases)	90% of cases completed by regulatory deadline	
Evaluate and improve the effectiveness of required environmental enhancement and mitigation measures in hydropower licenses	‣ Conduct 5 site visits ‣ Hold 2 outreach meetings with stakeholders ‣ Disseminate 2 environmental effectiveness reports	
Update and add new chapters to the Engineering Guidelines, as appropriate	Issue new or revised Engineering Guidelines chapters, as appropriate	
Update the FERC Security Program for Hydropower projects as appropriate	Make program changes as appropriate	
Number of cases requiring additional remedial action	Of all cases processed in FY 2004, the percentage requiring additional remedial action will be less than FY 2003	
Timely processing of filings seeking recovery of security and safety expenses in jurisdictional rates	Process filings: ‣ within 30 days for gas and oil rate filings ‣ within 60 days for electric filings	
Percentage of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams inspected annually	
Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	
Percentage of high- and significant-hazard-potential dams in compliance with EAP requirements	100% of qualifying dams in compliance with EAP requirements	

Performance Measurements for Competitive Markets, FY 1999 B FY 2004

FY 1999		
Performance Measurement	**Performance Target**	**Result**
Customers will have more new products and a reasonable range of suppliers from which to choose in both the electric and natural gas industries. This will indicate that commodity markets are reasonably competitive as well as responsive to customer needs	Establish baseline	▸ The Commission demonstrated that the number of power suppliers using market-based rates has grown dramatically since 1994 ▸ Using service availability as a substitute for Anew products,@ the Commission identified 5 electric transmission indicators and 15 new gas transportation services
Natural gas and electric power prices will become more responsive to market conditions **B** that is, prices will reflect changing supply and demand conditions more clearly and more quickly	Establish baseline	Developed examples relating prices to underlying conditions, such as the weather
Natural gas prices within each trading region will tend to converge, except to the extent there are demonstrable transportation constraints or costs. Wholesale electricity price differences will also tend to narrow.	Establish baseline	As an example, the Commission demonstrated the convergence of prices in Texas and Louisiana from the spring of 1996 forward
It will be less costly, administratively, to transact business on the interstate natural gas transportation grid	Establish baseline	As a result of developments in electronic information exchange, large consumers of energy have unprecedented access to information

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Customers will have more new products and a reasonable range of suppliers from which to choose in both the electric and natural gas industries. This will indicate that commodity markets are reasonably competitive as well as responsive to customer needs	Monitor the state of the markets	▸ **Gas**: many new services offered over last few years; Order No. 637 encourages innovative transportation services ▸ **Electric**: greater availability of spot markets, derivatives and other risk management instruments, and national online trading; Order No. 2000 encourages innovative transmission tariffs and services; many power suppliers using market-based rates
Natural gas and electric power prices will become more responsive to market conditions **B** that is, prices will reflect changing supply and demand conditions more clearly and more quickly	Monitor the state of the markets	Prices for both gas and electricity very responsive to even small changes in supply and demand. Electric price volatility signals flawed market rules and need to increase supply, demand response and ability to manage risk
Natural gas prices within each trading region will tend to converge, except to the extent there are demonstrable transportation constraints or costs. Wholesale electricity price differences will also tend to narrow	Monitor the state of the markets	Persistent price differentials developed between West Coast (especially California) and supply regions, possibly signaling need for new transportation capacity
It will be less costly, administratively, to transact business on the interstate natural gas transportation grid	Monitor the state of the markets	Strong growth of online trading for both gas and electricity indicates greater availability of market-related services and probably declining transactions costs

FY 2001		
Performance Measurement	**Performance Target**	**Result**
‣ Number and size of capacity holders by system ‣ Number and size of natural gas and electric secondary market participants ‣ Number and size of pipeline suppliers by region and major customer ‣ Number and size of electric power marketers	Analyze the number and sizes, in conjunction with the measures for all indicators	The Commission created a suite of performance indicators designed to track our success at developing energy markets. The indicators chosen were based on attributes we perceived to be necessary for markets to function. As noted previously, the events of the last year in the Western energy markets demonstrated that, while many of our perceptions were correct (i.e., prices certainly responded to external conditions), the dynamics of the markets exceeded our understanding. For this reason, we view this suite of indicators as a valid, but ultimately unsuccessful experiment, one which we are seeking to revise in concert with our new strategic direction.
Increase in types of tariffed services offered (e.g., parking and lending in natural gas)	By their very nature, innovations cannot be specified. The Commission will look for patterns of innovation, track and report on them.	
Increased services in the market (develop a time line for different services, e.g., new futures exchanges), new types of products (e.g., weather derivatives) and independent exchanges		
Response of prices to external conditions in natural gas and electricity (e.g., events, weather, plant outages)	Large price changes should normally be associated with some clear external event	
Incidence of pricing anomalies for natural gas (where price and quantity appear to move in opposite directions)	Anomalies may indicate real market problems, problems in data, or unanticipated changes in how the market is working	
Level of price volatility and changes in price volatility in electricity and gas	Very high or very low prices can give an early warning for investigation	
Correlation of commodity prices across regions	Correlations should be near 1.0, except when transmission constraints bind and prevent free flow of commodities	
Narrowing of commodity price differences in the absence of transmission constraints		
Increased market integration (price changes appear to reflect inter-regional trading)		
Increased use of market hub services in natural gas and electricity	Establish a baseline	
Growth of electronic services for the commodity and/or transportation		
Increased economic transmission distance		

FY 2002		
Performance Measurement	**Performance Target**	**Result**
▸ Number and size of capacity holders by market ▸ Number and size of natural gas and electric secondary market participants ▸ Number and size of pipeline suppliers by region and major customer ▸ Number and size of electric power marketers	▸ Reasonable range of suppliers should lead to competitive pricing ▸ Participation indicates confidence in market rules and oversight	Several significant energy marketers have announced either plans to exit the energy trading business, or consideration of exit. Generally sited reasons include financial underperformance and credit concerns. The resulting contraction can have negative effects on liquidity in energy markets. Companies that have announced complete or partial exits from energy trading in recent months include large players like: • American Electric Power • Aquila • Dynegy • El Paso Companies considering exit include • Allegheny • CMS Some players have announced interest in entering as well, including the Bank of America.
Increase in types of tariffed services offered (e.g., parking and lending in natural gas)	Innovation indicates markets are working and market participants are creating their own solutions	In its Annual Performance Report for Fiscal Year 2001, the Commission acknowledged the ineffectiveness of this performance measurement to evaluate the agency's success at developing energy markets. New measurements will be in effect for FY 2003 with attributes the Commission perceives to be necessary for markets to function.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increased services in the market (develop a time line for different services, e.g., new futures exchanges, new types of products (e.g., weather derivatives) and independent exchanges	New service offerings show adaptation to price volatility and help to stabilize markets through hedging of risks	With the end of Enron Online and Dynegy Direct, wholesale energy services largely shifted toward stronger, higher-quality services, including the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE). Enron Online and Dynegy Direct were not exchanges, but extensions of Enron's and Dynegy's marketing efforts. Consequently, they were susceptible to the credit weaknesses of their owners. Exchanges like NYMEX and ICE have better approaches to managing credit risk, and consequently are better for the industry. For example, NYMEX extended its credit clearing ability to certain over-the-counter natural gas and electricity trades. On October 22, 2002, NYMEX announced that it had cleared more than $1.1 billion of these deals since inception of the service on May 31, 2002. In addition, on June 17, 2002, NYMEX and the Chicago Mercantile Exchange (CME) introduced their e-miNY natural gas contracts that handle smaller volumes than standard NYMEX natural gas contracts, extending the reach of exchange-traded futures contracts to smaller energy companies. E-miNY contracts are traded on CME's GLOBEX electronic trading platform. ICE began over-the counter clearing as well, in March 2002. On November 7, 2002, ICE announced that total cleared notional value of natural gas contracts in the United States had surpassed $10 billion. Success of these higher-quality products is a positive sign for energy markets.
Volume of financial risk-hedging transactions, e. g. futures contracts	Viable financial markets provide critical support for physical markets	Futures contracts for natural gas have shown promise in 2002, strengthening to what appears to be record levels. To date, however, there has been no attempt to revive electric futures markets in the U.S.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Response of prices to external conditions in natural gas and electricity (e.g., events, weather, plant outages)	Large price changes should normally be associated with some clear external event	Price differences that have been associated with external events in 2002 included: • The Leona fire in California in September 2002 caused a key transmission path to be taken out of service, and caused price differences between Northern and Southern California. • Hurricanes in the Gulf (Isidore and Lilli) caused temporary price increases in natural gas prices in September, but prices returned to normal levels after the storms. • Natural gas pipeline capacity into New York City is sometimes constrained, causing significant price increases. Price increases occurred at the end of July 2002 and early in August, with prices rising to a daily midpoint price $7.65. Although these price increases were related to capacity constraints on the pipeline system, they were nevertheless unusual for the season and are still being investigated to assess their cause. • Natural gas prices in Florida have spiked due to capacity problems that are exacerbated by lack of storage capacity. These price increases have occurred under higher load conditions or when Operational Flow Orders have limited pipeline capacity.
Level of price volatility and changes in price volatility in electricity and gas	Changes in price patterns over time can reveal underlying market conditions	Futures price information indicates a slight lowering of price volatility for natural gas since June 2002, in comparison to 2001. From June to September, 30-day volatilities for the near-month contract have ranged from 40 to 70, compared with 80 to 100 during the last quarter of 2001. Without futures prices, similar calculations cannot be made for electricity; however, volatility has clearly dropped from pre 2002 levels.
Correlation of commodity prices across regions; narrowing of commodity price differences in the absence of transmission constraints	Correlations should be near 1.0, except when transmission constraints bind and prevent free flow of commodities	This performance measure is intended to gauge the extent to which arbitrage is causing prices to clear across regions – if arbitrage is effective, price difference should narrow. For 2002, this measure was studied by examining price difference identifying causes that were preventing arbitrage from being effective, or conducting further study to identify causes. These analyses of external conditions are described above under the performance measure for the responsiveness of prices to external conditions.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increased use of market hub services in natural gas and electricity	▸ Increased usage of market infrastructure indicates market depth and liquidity ▸ Increased electronic commerce reduces transactions costs and allows broader market participation	Use has been affected negatively by contraction in the industry (see performance measure 1 of this section).
Growth of electronic services for the commodity and/or transportation		Higher quality options have replaced lower quality options and are showing some strength (see performance measure 3 of this section).
Increased economic transmission distance		Growth in RTOs and the associated development of regional markets in the Midwest (MISO) and through additions to Pennsylvania-New Jersey-Maryland (PJM) have begun to provide the basis for the needed market infrastructure. PJM has added one additional utility as part of PJM west and is beginning the process of adding AEP and other utilities. MISO has begun operation and is planning the development of markets along the lines of the Commission's Standard Market Design (SMD.) In addition, there are designs being discussed among MISO and PJM for the operation of a joint market. These developments will begin to reduce the transactions costs of participation in a broader power market.
Investment in generation and transmission	Investment should be adequate to meet market needs	There has been substantial growth of generation capacity in 2002. Nationwide, approximately 71,000 megawatts of electricity capacity is expected to be added in 2002, on top of around 42,000 megawatts added in 2001. The total capacity added in these two years (113,000 MW) is greater than the total capacity added from 1990 to 1999 (87,000 MW.) At the same time, many future projects have been cancelled or tabled as a result of lower prices in forward markets and the financial problems of many companies. The current outlook is for adequate generation supplies in the near term, but an uncertain outlook in the longer term that will require continued assessment. Transmission investment increased in 2002 compared with previous years, roughly in proportion to the growth in generation. Thus, transmission capacity remains adequate for basic reliability and to accommodate the basic needs of interconnecting new generation capacity. However, there has been no evidence that transmission capacity has been expanded to address the needs of a changing market structure.
Number and type of reliability-related incidents (emergencies, involuntary load reductions, TLRs)	AEmergencies@ should be infrequent; routine market rules should be able to handle most situations	TLR events have not decreased in 2002. This is one of the issues that the Commission is addressing in the Standard Market Design rulemaking.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Amount of load covered by regional institutions	20% increase over FY 2001	Performance target achieved. See map "RTOs Approved by FERC in FY 2002." The map shows a number of RTOs that received approval or preliminary guidance during FY 2002. A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21)
Amount of load with congestion management systems	20% increase over FY 2001	Performance target achieved. See map "Transmission Congestion Management Systems Approved by FERC in FY 2002." A statistical breakdown is provided in the graph "Transmission Congestion Management Systems Approved by FERC in FY 2002." (See map and graph on page 22)
Number of wholesale service options available	Increase	Prior to FY 2002, the Commission believed tracking the number of wholesale service options available would provide a measure for increased pricing efficiency. This indicator became invalid once the Commission began advancing competitive markets through development of a standard market design. When a standard market design (SMD) is implemented, electric markets will have a strong long-term basis for providing customers with the very real and significant benefits that come from competition. After the country is required to adopt some form of SMD, new measurements will be developed to track its success (e.g., lowering costs through standardized features, etc.).

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Timely processing of RTO filings	Benchmarks to be established in FY 2003	
Percentage of country covered by approved RTOs or ISOs (percentage of electricity load)	70% of electricity load in regions where we have jurisdiction	
Timely processing of proposed rulemakings adopting consensus industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC)	Benchmarks to be established in FY 2003	
Establish RTOs/ISOs with sufficient market monitoring and mitigation measures in place	Fewer complaints about rates in RTOs filed with the Commission	
RTO/ISO wholesale market design includes demand-response features	Measure increasing percentage of operating RTOs and ISOs with demand response programs	
Adopt market design standards for wholesale electric markets	Issue final Standard Market Design rule	
Enhanced regulatory support for market institutions	Creation of OMOI and market performance indicators	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Timely processing of RTO filings	Improvement over FY 2003	
Percentage of country covered by approved RTOs or ISOs (percentage of electricity load)	80% of electricity load in regions where we have jurisdiction	
Timely processing of proposed rulemakings adopting consensus industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC)	Rulemakings completed within 9 months of external party action, or improvement over FY 2003	
Adopt market design standards for wholesale electric markets	Implement SMD final rule	
Percentage of RTOs and ISOs with approved regional planning processes	100% of RTOs and ISOs subject to SMD Final Rule	
Percentage of public utilities owning interstate transmission facilities with filed SMD implementation plans	100% of public utilities subject to SMD Final Rule	
Percentage of RTOs and ISOs with SMD tariffs in effect in compliance with the SMD Final Rule	50% of RTOs and ISOs subject to SMD Final Rule	
Timeliness of industry wide financial audits	Complete 90% of audits within 120 days	

Performance Measurements for Market Oversight, FY 1999 – FY 2004

FY 1999		
Performance Measurement	**Performance Target**	**Result**
Market participants will have confidence that natural gas markets, electric markets, and oil transportation services are working fairly and that they are not subject to abuses of market power. That is: ‣ Broad customer classes (not necessarily every customer) will agree that buyers and sellers have access to competitively priced commodity markets in the national gas transportation and electric trans-mission grids ‣ Customers will generally agree that gas pipe-line, electric transmission and oil transportation rates and services are just and reasonable, fairly balancing the competing interests of the transporting or transmitting companies and their customers	Establish baseline	The Commission was unable to survey market participants to develop a baseline

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Market participants will have confidence that natural gas markets, electric markets, and oil transportation services are working fairly and that they are not subject to abuses of market power. That is: ‣ Broad customer classes (not necessarily every customer) will agree that buyers and sellers have access to competitively priced commodity markets in the national gas transportation and electric trans-mission grids ‣ Customers will generally agree that gas pipe-line, electric transmission and oil transportation rates and services are just and reasonable, fairly balancing the competing interests of the transporting or transmitting companies and their customers	Monitor the state of the markets	In response to electric power volatility, the Commission issued detailed studies of each regional bulk power market, which included consideration of a variety of market power issues

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of respondents perceiving a lack of market power	Establish baseline	The Commission created a suite of performance indicators designed to track our success at developing energy markets. The indicators chosen were based on attributes we perceived to be necessary for markets to function. As noted previously, the events of the last year in the Western energy markets demonstrated that, while many of our perceptions were correct (i.e., prices certainly responded to external conditions), the dynamics of the markets exceeded our understanding. For this reason, we view this suite of indicators as a valid, but ultimately unsuccessful experiment, one which we are seeking to revise in concert with our new strategic direction.
Percentage of customers satisfied with ADR procedures at the Commission	75% satisfaction rate	**OALJ**: Participants report near 100% satisfaction with ADR[2] procedures. Satisfaction is indicated by calls from participants and by continuing and increasing requests for the appointment of settlement judges and mediators. **DRS**: 90% (20 out of 22 completed cases).[3]
Percentage of contested proceedings that achieve consensual agreements	25% increase over FY 2000	**OALJ**: During FY2001 80% of cases set for hearing were resolved through some form of ADR vs. 76.7% during FY2000. **DRS**: 90% vs. 89% during FY 2000.5
Number of requests and referrals for ADR services	Increase by 50% over FY 2000	**OALJ**: During FY2001 60 out of 77 cases (77.9%) terminated by OALJ were resolved through some means of ADR vs. 60 out of 83 cases (72.3%) during FY2000 **DRS**: 52 requests vs. 40 requests in FY 2000, a 30% increase. This includes simple inquiries about ADR, cases referred to DRS in which the parties indicated no interest in pursuing ADR, cases referred to Enforcement, and ongoing cases.

2 ADR is considered the Aumbrella@ of dispute resolution. Many forms of dispute resolution are encompassed within ADR, such as mediation, settlement judge procedures, mini-trials, arbitration, and combinations of these methods. Cases referred to OALJ for ADR involve disputes of hotly contested issues and millions of dollars. Due to the size and complexity of cases referred to OALJ for ADR, the process of achieving consensual resolution often involves considerable time and effort.

3 This includes 5 cases begun in FY 2000 and completed in FY 2001. It does not include simple inquiries about ADR or cases in which parties expressed no interest in using ADR (11 cases), cases that were referred to Enforcement (2 cases), cases in which the DRS only coached parties, or cases that were ongoing into FY 2002 (17 cases).

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of ADR cases resolved or terminated within established time frames	‣ 50% within 100 days ‣ 75% within 150 days ‣ 100% within 200 days	**OALJ**: Of 60 cases: ‣ 10 cases settled within 100 days (17%) ‣ 10 cases settled within 150 days (17%) ‣ 11 cases settled within 200 days (18%) ‣ 29 cases settled after 200 days (48.3%) **DRS**: Of 22 completed cases: ‣ 8 cases completed within 100 days (36%) ‣ 4 cases completed within 150 days (54%) ‣ 5 cases completed within 200 days (77%) ‣ 5 cases completed in over 200 days

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of market monitoring institutions and systems	Increase over FY 2001	Performance target achieved. See the map "RTOs Approved by FERC in FY 2002." Market monitoring activities are conducted by market monitoring units (MMUs) within approved RTOs and independent system operators (ISOs). A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21)
Number of public utilities separating ownership or operation of transmission facilities from generation	Increase over FY 2001	Performance target achieved. See the map "RTOs Approved by FERC in FY 2002." For public utilities, separation of ownership or operation of transmission facilities from generation is a condition of approval to participate in an RTO. A statistical breakdown is provided in the graph "Percentage of Customer Demand Covered by RTOs Approved by FERC in FY 2002." (See map and graph on page 21)
Number of requests and referrals for ADR services	25% increase over FY 2001	**DRS:** There were 52 requests in FY 2001, and 51 requests in FY 2002. This represents a slight decrease. However, this amount also reflects an increase in the DRS non-case projects and development of stakeholder programs. The 51 request or active cases includes simple inquiries about ADR, cases in which persons eventually indicated that they were not interested in using ADR, cases referred to Enforcement Hotline, and ongoing cases.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of customers satisfied with ADR processes	85%	**OALJ/OAL:** Participants report near 100% satisfaction with ADR procedures. Satisfaction is indicated by calls from participants and by the increase in ADR procedures. **DRS:** 90% (21 out of 23 completed cases). Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).
Percentage of processes that achieve consensual agreements ‣ ADR processes ‣ Cases set for litigation resolved, at least in part, through consensual agreement	‣ 25% increase over FY 2001 ‣ 5% increase over FY 2001	**OALJ/OAL**: Settlements were achieved in 69 out of 79 cases through ADR procedures. In FY-2002: 69 out of 79 cases (86.3%) were completed through ADR. In FY-2001: 62 out of 77 cases were completed through ADR (80.5%) **DRS:** 20 of 23 cases (87%) that were completed in FY 2002 achieved settlement. Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).
Percentage of cases in time frames ‣ ADR processes completed ‣ litigated cases reaching initial decision	‣ 20% of ADR cases within 60 days ‣ 30% of ADR cases within 100 days ‣ 75% of ADR cases within 150 days ‣ 100% of ADR cases within 200 days ‣ 95% of simple litigated cases within 206 days (29.5 weeks) ‣ 95% of complex litigated cases within 329 days (47 weeks) ‣ 95% of exceptionally complex cases, 441 (63 weeks) ‣ 95% of regular complaints, 60 days ‣ 95% of Afast track@ complaints, 8 days	**ADR Cases – OALJ/OAL**: Of 69 cases completed by settlement: 4 were settled within 60 days (5.8%). 11 were settled within 100 days (15.9%). 18 were settled within 150 days (26%). 11 were settled within 200 days (16%). 25 were settled after 200 days (36%). **ADR Cases - DRS :** Of 23 completed cases: 5 were completed within 60 days (21%). 7 more were completed within 100 days (52%). 1 more was completed within 150 days (57%). 2 more were completed within 200 days (60%). The remaining 8 were completed in over 200 days. **Litigated Cases – OALJ/OAL:** **Track I Cases** – Standard processing Time = 29.5 weeks – None during FY 2002. **Track II Cases** – Standard Processing time = 47 weeks – FY 2002 average 32.5 weeks. **Track III Cases** – Standard Processing Time = 63 weeks – FY 2002 average 39.42 weeks. **Complaint Cases** – FY 2002 Complaints All took > 60 days to resolve.

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Enhance institutional capability for overseeing energy markets	▸ Establish the Office of Market Oversight and Investigation ▸ Publish regular summer and winter Seasonal Market Assessments ▸ Develop metrics/indicators of gas and electric market performance measures	
Top to bottom review of all existing information systems to monitor markets	Complete entire review	
Development or acquisition of usable electronic baselines and databases to support market oversight objectives	Complete development of all baselines and databases by end of FY 2003	
Development of market expertise	▸ Training on market issues for 40% of OMOI and 20% of OMTR, OGC, and other staff ▸ Hiring of staff with market expertise ▸ Issuance of market assessment products and data analysis demonstrating market understanding	
Establishment of protocols between the Commission and independent market monitoring units of RTOs	All approved RTOs	
Timeliness of corporate application orders	Less than 20% of merger applications will require examination or the imposition of mitigation measures beyond the initial review period, with such percentage targeted to decrease as further policy guidance is issued in cases requiring more time to address market power	
Timeliness of audits	Complete 90% of audits on time	
Timeliness of Hotline calls resolutions	Resolve 80% within 1 week of initial contact	
Timeliness of formal complaints resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	
Number of requests and referrals for ADR services	Maintain at or increase levels achieved in FY 2001	
Percentage of customers satisfied with ADR processes	85%	
Percentage of processes that achieve consensual agreements	Maintain at or increase levels achieved in FY 2001	
Percentage of cases in time frames ▸ ADR processes completed ▸ litigated cases reaching initial decision	▸ 20% of ADR cases within 60 days ▸ 30% of ADR cases within 100 days ▸ 75% of ADR cases within 150 days ▸ 100% of ADR cases within 200 days ▸ 95% of simple litigated cases within 206 days (29.5 weeks) ▸ 95% of complex litigated cases within 329 days (47 weeks) ▸ 95% of exceptionally complex cases, 441 (63 weeks) ▸ 95% of regular complaints, 60 days	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Enhance institutional capability for overseeing energy markets	Improve metrics/indicators of gas and electric market performance measures	
Development of market expertise	▸ 30% of OMOI staff have energy market experience gained through direct activity in those markets.	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Track Performance of Natural Gas and Electric Markets	Issue Market Surveillance Reports to the Commission twice each month	
Assess Performance of Natural Gas and Electric Markets	Publish regular summer and winter Seasonal Market Assessments, State of the Market Reports, and other reports as conditions warrant.	
Timeliness of corporate application orders	Less than 20% of merger applications will require examination or the imposition of mitigation measures beyond the initial review period, with such percentage targeted to decrease as further policy guidance is issued in cases requiring more time to address market power	
Timeliness of Hotline calls resolutions	Resolve 80% within 1 week of initial contact	
Timeliness of formal complaints resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	
Number of requests and referrals for ADR services	Maintain at or increase levels achieved in FY 2001	
Percentage of customers satisfied with ADR processes	85%	
Percentage of processes that achieve consensual agreements	Maintain at or increase levels achieved in FY 2001	
Percentage of cases in time frames ‣ ADR processes completed ‣ litigated cases reaching initial decision	‣ 20% of ADR cases within 60 days ‣ 30% of ADR cases within 100 days ‣ 75% of ADR cases within 150 days ‣ 100% of ADR cases within 200 days ‣ 95% of simple litigated cases within 206 days ‣ 95% of complex litigated cases within 329 days ‣ 95% of exceptionally complex cases within 441 days ‣ 95% of regular complaints within 60 days	

Performance Measurements for Resource Management, FY 1999 – FY 2004

FY 1999		
Performance Measurement	**Performance Target**	**Result**
Reduce the processing time for docketed workload and for resolving disputes	None established	▸ Met or exceeded processing targets for natural gas pipeline certificates ▸ Demonstrated that collaborative process could reduce processing of hydropower license applications to 0.99 years from 2.77 years ▸ 80% of cases set for litigation reached full or partial settlement
Minimize filing burden	None established	▸ Issued two orders projected to save industry more than 230,000 hours in reporting time ▸ Upgraded software on several automated forms
Generate better information for use by the industries	None established	▸ Added new features to automated systems ▸ Began process of Internet site redesign
Continue to receive an unqualified audit opinion on the Annual Financial Statements	Unqualified opinion	Unqualified opinion received
Formulate the budget so that current year costs are within 5% of the total budgetary resources for the fiscal year	Spending within 5% of funding	Actual spending was within 2.8% of funding
Pay 95% of all payments accurately and on time: vendors within the time required by the Prompt Payment Act; internal customers in 10 days or less	95% of payments to external vendors made timely and accurately; payments to internal customers in 10 days or less	99.57% of external payments were made within the established time frames. Internal payments averaged 3.9 days.
Meet or exceed planned due dates 90% of the time for performing and completing FMFIA requirements and internal financial and performance reviews	Meet or exceed planned due dates 90% of the time	Met 100% of planned due dates

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Reduce the processing time for docketed workload and for resolving disputes	None established	▸ Met or exceeded processing targets for natural gas pipeline certificates ▸ Set new time lines to reduce average litigation times by up to one quarter. Designated times were met in 80% of cases. ▸ 52% of cases set for hearing were mediated ▸ Average time for approval of uncontested settlements dropped from more than 100 days to 47 days
Minimize filing burden	None established	▸ Revised accounting and reporting requirements to reduce information reporting and maintenance burden by 25%, and updated records retention requirements ▸ Initiated e-filing pilot for 35% of Commission=s filings
Generate better information for use by the industries	None established	Extended use of Internet to disseminate dam safety information, pilot e-filings, and issue notices, orders, and major rules
Continue to receive an unqualified audit opinion on the Annual Financial Statements	Unqualified opinion	Unqualified opinion received
Formulate the budget so that current year costs are within 5% of the total budgetary resources for the fiscal year	Spending within 5% of funding	Actual spending was within 5% of funding

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Pay 95% of all payments accurately and on time: vendors within the time required by the Prompt Payment Act; internal customers in 10 days or less	95% of payments to external vendors made timely and accurately; payments to internal customers in 10 days or less	On-time invoice payments at 85%. (Early payments made to close out old system and implement new one.) Internal payments averaged 2.6 days.
Meet or exceed planned due dates 90% of the time for performing and completing FMFIA requirements and internal financial and performance reviews	Meet or exceed planned due dates 90% of the time	Met 100% of planned due dates

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of filings that FERC is capable of receiving electronically	Capability to receive 50% of filings electronically	Capability to receive 38% of filings electronically by the end of FY 2001. Percentage brought to 46% by mid-November 2001.
Percentage of filings submitted electronically	50% of filings FERC is capable of receiving electronically are submitted electronically	17% of filings FERC is capable of receiving electronically are submitted electronically. 30% reached by October 31.
Timely issuance of notices/orders	95% of gas and electric notices and orders issued within 5 workdays	97% of gas and electric notices/orders issued within 5 workdays
Unqualified opinion on external audits	Unqualified opinion	Unqualified opinion received for FY 2001.
Percentage of office directors operating within designated salary budgets	80%	100% of office directors operated within designated salary budgets.
Percentage of payments made within Prompt Payment Act requirements	95%	81%
Number of days to award purchase orders	Within 5 days of receipt of notification	98% of purchase orders awarded within 5 days of receipt of requisition
Number of days to award contracts	Within 30 days of receipt of notification	95% of contracts awarded within 30 days of receipt of requisitions
Number of award fee contracts	Increase by 10% over FY 2000	Award fee contracts and firm fixed price contracts increased by 10% over FY 2000 levels.
Percentage of respondents giving positive ratings for AFERC focusing on the right things@	10% increase over baseline	The Commission adopted a new Strategic Plan to focus on important issues arising from the Western Market meltdown. No surveys done during these times of great pressure and uncertainty.
Percentage of employees in under-represented groups	Increase Hispanic employee population by 5%	The Commission increased its Hispanic employee population by 10 percent.
Percentage of senior executives participating in FERC=s diversity initiative	100% of the office directors will have participated in the first phase	‣ 100 percent of office directors participated in discussions with the Diversity Council concerning the direction of diversity at FERC. ‣ 25 percent of office directors actively participated in minority recruitment activities.
Percentage of supervisory participation in LEaD	100% of supervisors and managers will have completed training on the 5 leadership behaviors	100% of supervisors and managers (including new supervisors, managers, and team leaders) have completed training on the 5 leadership behaviors.
Number of learning agreements	5% increase over FY 2000	29 employees on learning agreements in FY 2001, the first year of reporting
Number of mentor/protégé teams	10 mentor/protégé teams	At least 15 mentor/protégé teams

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of documents and filings available and received electronically	10% increase over FY 2001	▸ The percent of qualified documents received electronically increased from 11.6% to 34.38% ▸ Number of filings received in FY 2001 was 1,968; in FY 2002 we received 8,903.
Reliability of IT infrastructure services	▸ 98% network availability ▸ 33% annual PC replacement ▸ 98% Internet site availability	▸ 98.5% network availability ▸ 33% annual PC replacement ▸ 99.5% Internet site availability
Percentage of agenda items issued within 5 working days of a Commission meeting	100%	100%
Percentage of electric notices issued within 5 working days of receipt of filing	95%	95%
Unqualified opinion on annual financial statements	Unqualified opinion	Commission received an unqualified opinion on its FY 2001 financial statements
Monitor manage-to-budget concept	Track biweekly; review quarterly	Performed bi-weekly updates to manage-to-budget spreadsheets used by managers to track spending, and reviewed status quarterly
Effective and efficient financial and administrative support	▸ Collect annual charges within 45 days of billing ▸ 98% of invoices paid by electronic funds transfer ▸ 1% increase in contract awards and purchase orders to small, minority, and women-owned businesses ▸ All contracts advertised online ▸ All contracts performance-based	▸ Collected 98% of the annual charges assessed in FY 2002 within 45 days of billing ▸ Processed 100% of payments electronically ▸ 92% increase ▸ All contracts were advertised online ▸ All contracts were performance-based
Increase diversity of staff in high grades	Increase diversity in GS-14, GS-15, and SES positions by 10% over current baseline	Increased the number of minorities in GS-14, GS-15 and SES positions by five (or 6%).
Number of new hires from recruitment program	Meet the Commissions need for new talent through targeted recruitment, with 50% at entry levels	Exceeded 50% target level by 2%. Of the 103 permanent hires in FY 2002, 54 were entry level recruits. Met the Commission's need for new talent through targeted recruitment.
Staff participation in learning and development programs	▸ Expand leadership development program ▸ Implement development plans for 20% of staff ▸ Initiate employee rotational development program	▸ Completed 360-degree feedbacks with senior staff ▸ Developmental plans for all new Federal Career Intern Program (FCIP) interns ▸ Draft proposal for a pilot rotational development program in OED
Periodic manager-staff discussions about performance accomplishments and improvements	Expand to 3 major offices the program for quarterly discussions on performance objectives	Made available to major offices the program for quarterly discussions on performance objectives. Completed the program in two offices.
Percentage of awards presented for helping accomplish specific Commission goals	More than 50% of awards for quality service based on accomplishments supporting strategic objectives	The target level was met. Based on the responses regarding FY 2002 incentive awards more than 50% of awards were given for quality service based on accomplishments supporting strategic objectives.

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Number of new hires from recruitment program	Attract new talent through targeted recruitment, with 50% at entry levels	
New staff from summer intern program	▸ Hire 30% of participants into permanent positions	
Increase diversity of staff in high grades	Continue increasing diversity in GS-14, GS-15 and SES positions	

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Encourage knowledge sharing	Conduct informal training workshops	
Improved executive performance	Implement 360 degree assessment of senior staff	
Percentage of transactions accepted electronically	95% of transactions accepted electronically	
Percentage of e-issuance versus paper	90% of issuances accepted electronically	
Improved Web site	▸ Redesigned Web site ▸ 99% availability	
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	
Network availability	99%	
Standard office automation platform and PC rate of refresh	33%	
Timeliness of virus definition files updates on servers and workstations	Updates within 24 hours from release by vendors	
IT system changes to comply with enterprise IT architecture and configuration management practices	Implement 98% reviews	
Improved integration of work processes and electronic filing	Refresh integrated filing, docket, and document management system	
Monitoring of manage-to-budget process	Bi-weekly tracking of office salary levels and quarterly review of salary levels between CFO and Office Directors	
Timeliness of annual charges collections	Within 45 days of billing	
Invoices paid by electronic funds transfer	98%	
Accuracy and completeness of annual financial statements	Unqualified opinion	
Percentage of contracts performance-based	100%	
Percentage of contracts advertised online	100%	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Number of new hires from recruitment program	Attract new talent through targeted recruitment, with 50% at entry levels	
New staff from summer intern program	▸ Hire 30% of participants into permanent positions	
Increase diversity of staff in high grades	Continue increasing diversity in GS-14, GS-15 and SES positions	
Improved executive performance	▸Implement 360 degree assessment of senior staff ▸ Expand training in leadership and management skills	
Mentoring program	Implement FERC-wide mentoring program for all employees	
Average IT costs per FTE	Below industry average for Federal agencies	
Percentage of transactions accepted electronically	95% of transactions accepted electronically	
Percentage of e-Issuance versus paper	90% of issuances made electronically	
Improved Internet Website	99% availability	
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	
Improved reliability and availability of FERRIS	Increase customer satisfaction 25% over FY 2003	
Network availability	99%	
Desktop reliability	Increase reliability by 5% per year	
Standard office automation platform and PC rate of refresh	33%	
Timeliness of virus file updates on servers and workstations	Updates within 24 hours from release by vendors	

FY 2004		
Performance Measurement	**Performance Target**	**Result**
Implementation of Federal Information Security Management Act (FISMA) for small agencies	95%	
Develop Communications Plan	Increase number of proactive interactions with the Press, Elected Officials, and Industry by 25%	
Redesign Internet Website	Make internet site more useful and user-friendly	
Engage Stakeholders	Provide 50 presentations to government or other groups of stakeholders	
Report Market Conditions	Publish regular summer and winter Seasonal Market Assessments, and other reports as conditions warrant	
Discussions with State regulatory bodies on Commission policies and actions	Formal, effective interactions between FERC and state officials on policy issues	
Expand discussions with Canada and Mexico	Formal interaction with Canadian and Mexican regulators on policy issues	
Foster communication with States and Governors on infrastructure	Hold infrastructure conferences in each region	
Maintain liaison with market monitors in RTOs and ISOs	Meet at least twice annually with RTO and ISO market monitors	
Outreach to stakeholder groups to encourage use of conflict resolution mechanisms	Increase number of outreach opportunities with stakeholders by 25%	
Monitoring of manage-to-budget process	Bi-weekly tracking of office salary levels and quarterly review of salary levels between CFO and Office Directors	
Monitoring of business plan	▸ Clarity of fit between projects, activities, and objectives ▸ Periodic monitoring of completions and adjustments to plan and related resources	
Timeliness of annual charges collections	Collect 98% of outstanding receivables within 45 days of billing	
Invoices paid by electronic funds transfer	98%	
Percentage of payments accomplished without error	98%	
Accuracy and completeness of annual financial statements	Unqualified opinion	
Percentage of contracts performance-based	100%	
Percentage of contracts advertised online	100%	