



FEDERAL ENERGY REGULATORY COMMISSION

November 20, 2008

Docket No.: AD07-13-001

Chairman Joseph T. Kelliher

Statement of Chairman Joseph T. Kelliher on Staff Enforcement Report

"I want to commend the Office of Enforcement for preparing this report. It is a statistical report, but it has a lot more than numbers.

The enforcement annual report provides important guidance to the regulated community on enforcement policy and procedures. The enforcement report also speaks to the general public, reassuring the public that the Commission is a watchdog, focused on effective enforcement.

The report describes the increase in the number of investigations, from 35 in fiscal year 2007 to 48 in 2008, almost a 50 percent increase. Significantly, there has been an increased focus on market manipulation investigations. Roughly one-third of the new investigations launched in fiscal year 2007 were market manipulation investigations. By comparison, nearly one-half of new investigations in 2008 focused on market manipulation. We also began our first investigations on reliability violations in fiscal year 2008.

The enforcement report also demonstrates the Commission's commitment to fairness in enforcement policy. The number of self reports doubled between fiscal year 2007 and 2008, and the report describes how the vast majority of self reports are resolved without imposition of civil penalties. The statistics on the number and categories of self reports and investigations that were closed or settled without imposition of a civil penalty demonstrate that the Commission has focused its enforcement resources on the most serious offenses, consistent with stated Commission policy.

I hope the case studies in the enforcement report of investigations will prove helpful to the regulated community, providing guidance on the types of violations that have been resolved without imposition of civil penalties in the past. Appropriately, we have redacted the identities of the companies that were the subject of these investigations.

Finally, the report demonstrates that the relationship between the Commission and market monitors is now well understood. The role of market monitors was clarified in the competition rulemaking concluded last month.

Enforcement is an inherently governmental responsibility, and only the Commission can enforce the laws charged to our administration. Market monitors are not government officials, and cannot take enforcement action. However, they can assist Commission enforcement actions by making referrals to the agency if they observe possible violations of agency rules. Significantly, the number of referrals rose from 2 in fiscal year 2007 to 15 in 2008.

I commend the good work of staff."