



United States Department of the Interior

OFFICE OF THE SECRETARY
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FINANCIAL MANAGEMENT MEMORANDUM 2012-003 (Vol. IX.C)

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To: Bureau Chief Financial Officers

Jason Earwood
Chief Resource Manager, Office of the Solicitor

Mary Josie Blanchard
Administrative Operations Director
Office of Environmental Policy and Compliance

Joel Clement
Director, Office of Policy Analysis

From: Douglas A. Glenn *D.A. Glenn*
Deputy Chief Financial Officer and Director
Office of Financial Management

Subject: Annual Cost Report to Federal Energy Regulatory Commission
(Response Due: December 30, 2011)

The Federal Energy Regulatory Commission (FERC) requests the Department's fiscal year (FY) 2011 cost report to assist them in administering Part I of the Federal Power Act (FPA). In order to complete its review, FERC is requesting that each agency submit its report no later than January 17, 2012. The Office of Financial Management needs each Bureau's submission by **December 30, 2011** to generate a Departmental report.

Guidance for completing your submission is given on Attachment 1. Please submit a Certification of Costs signed by your Bureau Chief Financial Officer (Attachment 2). Please also include a Cost Submission Form (Attachment 3) segregated by municipal and non-municipal, and allocated by direct costs, indirect costs, and overhead (Attachment 4 describes line item entries); cost accounting reports (i.e., reports from automated accounting information systems); and supplemental written analyses that explains how costs are allocated to the cost categories on the Cost Submission Form.

Each Bureau should adhere to the attached guidance in providing complete supporting documentation with your cost reports. The Department's submissions demonstrated a substantial improvement over previous years. The data provided last year resulted in FERC accepting 93% of the total costs submitted. "Other Contractual" costs seemed to be the greatest challenge for DOI to support, hence the 7% shortfall in accepted costs. The Department's goal this year is to

achieve 99% or keep the same percentage of acceptance while increasing the amount available for reimbursement. Lessons learned from previous years include:

1. Articulating how full-time equivalents are calculated.
2. Including the Department of the Interior overhead rate of 16.84% on all cost submission forms (the % was added to some submissions after receipt of the certification but now its imbedded into your submission worksheets, using only salaries and benefits).
3. Allocating non-specific costs between Muni and Non-Muni (support your calculation).
4. Other Costs – Contractual: MUST ensure scope is within and supports the Federal Power Act, Part 1. Provide POCs for source documents or do NOT report those costs for reimbursement. The attorney will throw those costs out if the scope is not associated with FPA Part 1. Our FY 2010 example follows: **(Other Federal Agencies was reduced by \$404,553 for contracts regarding tribal participation (costs are not recoverable under FPA Part 1, Section 10(e)(1)) because Indian Tribes are sovereign nations and costs are only recouped when doing business with the US or it agencies).**

If you have any questions regarding this request, please contact Lynnell Green at (202) 208-3127 or email at Lynnell_Green@ios.doi.gov.

cc: Bureau /Office Hydropower Coordinators

Attachments