



Federal Energy Regulatory Commission



News Release

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FERC Approves Settlement on NERC 2012 Performance Audit

The Federal Energy Regulatory Commission (FERC) today approved a settlement between its Office of Enforcement and the North American Electric Reliability Corporation (NERC) to resolve all issues related to the findings and recommendations in Enforcement's 2012 performance audit of the electric reliability organization.

"This settlement will help us at the Commission, and the industry through NERC, move on with the important work of overseeing the reliability of the nation's bulk electric system," FERC Chairman Jon Wellinoff said. "Implementing these improvements will help to keep the focus on reliability."

"We are pleased to have been able to reach agreement with the Commission on the audit recommendations," said Gerry Cauley, president and chief executive officer at NERC. "As a learning organization, NERC appreciates the value of an external audit in improving the electric reliability organization's internal processes and procedures. A strong and effective ERO supports our overall mission of ensuring the reliability of the bulk power system."

The performance audit, commenced in August 2011 and conducted by Enforcement's Division of Audits, evaluated NERC's budget formulation, administration and execution, focusing on the costs and resources used to achieve its program objectives. The May 4, 2012 final audit report made findings of fact and 42 recommendations in 11 broad areas, including the NERC budget process, compensation and expenses, and NERC's role as the Electricity Sector Information Sharing and Analysis Center. NERC subsequently contested the audit report's findings and recommendations.

Under the settlement, Enforcement and NERC resolve all outstanding contested recommendations, which related to, among other things, unbudgeted expenditures, the granularity of NERC budget filings, and employee time and expense tracking. The settlement also sets forth a procedure for confirming progress and implementation of audit recommendations.

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