

FEDERAL ENERGY REGULATORY COMMISSION



FISCAL YEAR 2012 CONGRESSIONAL PERFORMANCE BUDGET REQUEST



Chairman Jon Wellinghoff

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THE FEDERAL ENERGY REGULATORY COMMISSION'S MISSION

Reliable, Efficient, and Sustainable Energy for Consumers

Assist consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means.

Fulfilling this mission involves pursuing two primary goals:

- 1. Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.**
- 2. Promote the development of safe, reliable and efficient energy infrastructure that serves the public interest.**



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Proposed Appropriation Language

For necessary expenses of the Federal Energy Regulatory Commission to carry out the provisions of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including services as authorized by 5 U.S.C. 3109, the hire of passenger motor vehicles, and official reception and representation expenses not to exceed \$3,000, \$304,600,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed \$304,600,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2012 shall be retained and used for necessary expenses in this account, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as revenues are received during fiscal year 2012 so as to result in a final fiscal year 2012 appropriation from the general fund estimated at not more than \$0.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

Full Cost Recovery

The Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates as authorized by the Federal Power Act (FPA) and the Omnibus Budget Reconciliation Act of 1986. The Commission deposits this revenue into the Treasury as a direct offset to its appropriation, resulting in no net appropriation.

	FY 2010 Actual	FY 2011 C.R. Level	FY 2012 Request
Appropriation	\$ 298,000,000	\$ 298,000,000	\$ 304,600,000
Offsetting Collections	\$ (298,000,000)	\$ (298,000,000)	\$ (304,600,000)
Net Appropriation	\$ -	\$ -	\$ -

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FY 2012 Request Summary

The Federal Energy Regulatory Commission (FERC or the Commission) requests \$304,600,000 and 1,500 full-time equivalents (FTEs) to execute its mission in fiscal year (FY) 2012. This funding request is \$8,303,000 and 2.8% higher than the FY 2010 actual obligations.

The Commission, in FY 2012, will leverage recent efficiencies gained through streamlining and automating its business processes and workforce reshaping efforts. The Commission is pursuing several information technology initiatives which will help achieve better performance. These efforts will allow the Commission to free up resources and invest them in its highest priority programs.

Comparison of FYs 2010 and 2012

Major Category (Dollars in thousands)	FY 2010 Actual	FY 2012 Request	Difference
FTEs	1,452	1,500	48
Salaries and Benefits	\$206,026	\$221,509	\$15,483
Rent	21,590	24,643	3,053
Environmental and Program Contracts	9,652	8,366	(1,286)
Information Technology	34,164	31,528	(2,636)
Administrative Support (including Travel and Training)	24,865	18,554	(6,311)
Total	\$296,297	\$304,600	\$8,303

Explanation of Changes by Major Category

Salaries and Benefits: \$15,483,000 net increase

- Salaries and Lump Sum Payments: \$12,050,000 increase
 - Funds salaries and promotions for 1,500 FTEs
 - Assumes 2 year pay freeze for FYs 2011 and 2012
- Benefits and Incentives: \$3,433,000 increase
 - Increased benefits associated with salary costs identified above
 - Benefit rate estimated at approximately 26% in FY 2012
 - Reduction to incentive awards

Rent: \$3,053,000 increase

Environmental and Program Contracts: \$1,286,900 net decrease

- Reduction in Energy Projects: Hydro and Natural Gas Environmental Services Contracts

Information Technology: \$2,636,000 net decrease

- Reduction in IT equipment purchases due to one-time major IT infrastructure purchased in FY 2010

Administrative Support (including Travel and Training): \$6,311,000 net decrease

- Reduction in professional support services contracts
- Reduction in services and other expenses due to one-time purchases in FY 2010 associated with new leased space in Washington, D.C.
- Reduction in travel and training

Note: Tables in this document may not add due to rounding adjustments.

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Resources by Strategic Goals and Objectives

Strategic Goal and Objective (Dollars in thousands)		FY 2010 Actual	FY 2012 Request	Percent Change FY 2010 to FY 2012
Goal 1: Just and Reasonable Rates, Terms and Conditions	Funding	163,635	164,992	0.8%
	FTEs	821	831	1.2%
Objective 1.1: Regulatory and Market Means	Funding	123,949	124,238	0.2%
	FTEs	619	624	0.8%
Objective 1.2: Oversight and Enforcement	Funding	39,685	40,753	2.7%
	FTEs	202	207	2.5%
Goal 2: Infrastructure	Funding	132,662	139,608	5.2%
	FTEs	631	669	6.0%
Objective 2.1: Infrastructure Development and Siting	Funding	72,086	73,512	2.0%
	FTEs	333	341	2.4%
Objective 2.2: Safety	Funding	31,937	32,637	2.2%
	FTEs	161	163	1.2%
Objective 2.3: Reliability	Funding	28,639	33,459	16.8%
	FTEs	137	164	19.7%
TOTAL	Funding	296,297	304,600	2.8%
	FTEs	1,452	1,500	3.3%

Resources by Regulated Industry

Regulated Industry (Dollars in thousands)		FY 2010 Actual	FY 2012 Request	Percent Change FY 2010 to FY 2012
Electric	Funding	151,704	158,025	4.2%
	FTEs	751	792	5.5%
Hydro	Funding	69,621	70,666	1.5%
	FTEs	328	333	1.5%
Natural Gas	Funding	67,267	68,253	1.5%
	FTEs	334	336	0.6%
Oil	Funding	7,705	7,656	-0.6%
	FTEs	39	38	-2.6%
Total	Funding	296,297	304,600	2.8%
	FTEs	1,452	1,500	3.3%

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OBJECT CLASS TABLE			
(Dollars in Thousands)			
		FY 2010 Actual	FY 2012 Request
11.9	Personnel Compensation	\$162,977	\$173,900
12.1	Benefits	43,017	47,609
13.0	Benefits for Former Personnel	32	-
	Sub Total, Personnel Compensation & Benefits	\$206,026	\$221,509
21.0	Travel and Transportation of Persons	3,769	4,167
22.0	Transportation of Things	3	5
23.1	Rental Payments to GSA	21,590	24,643
23.2	Rental Payments to Others	605	664
23.3	Communications, Utilities & Misc. Charges	2,060	2,493
24.0	Printing and Reproduction	1,961	2,245
25.1	Advisory and Assistance	8,688	8,050
25.2	Non-Federal	7,387	5,969
25.3	Federal	1,949	1,933
25.4	Operation & Maintenance of Facilities	1,548	1,498
25.7	Operation & Maintenance of Equipment	27,976	27,578
26.0	Supplies and Materials	1,758	1,754
31.0	Equipment	10,832	2,001
41.0	Grants, Subsidies & Contributions	59	66
42.0	Insurance Claims and Indemnities	86	25
	TOTAL, OBLIGATIONS	\$ 296,297	\$304,600
	GROSS BUDGET AUTHORITY	\$296,297	\$304,600
	Offsetting Receipts	\$(296,297)	\$(304,600)
	NET BUDGET AUTHORITY	\$ -	\$ -

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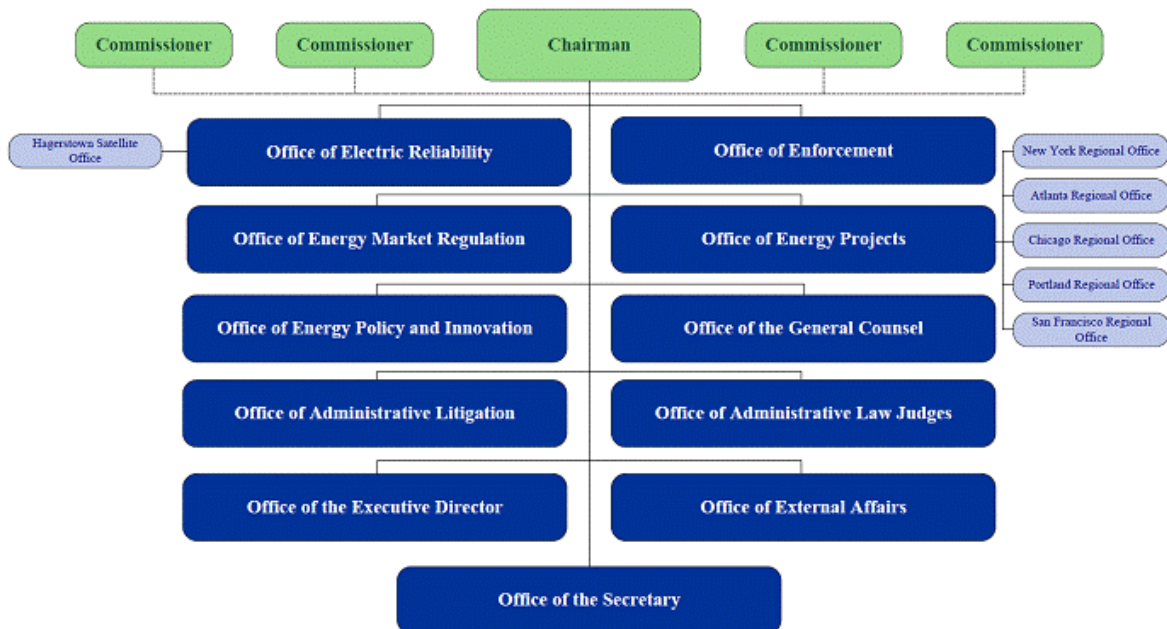
OVERVIEW OF THE FEDERAL ENERGY REGULATORY COMMISSION

The Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

The Commission was created through the Department of Energy Organization Act on October 1, 1977. At that time, the Federal Power Commission (FPC), the Commission's predecessor that was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission. As authorized by the FPA and the Omnibus Budget Reconciliation Act of 1986, the Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates. This revenue is deposited into the Treasury as a direct offset to its appropriation, resulting in no net appropriation.

FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve staggered five-year terms and have an equal vote on regulatory matters. To avoid any undue political influence or pressure, no more than three commissioners may belong to the same political party. One member of the Commission is designated by the President to serve as Chair and as FERC's administrative head. FERC's decisions are not reviewed by the President or Congress, maintaining FERC's independence as a regulatory agency, and providing for fair and unbiased decisions.

In addition to the Chairman and Commissioners, FERC is organized into 11 separate functional offices; each is responsible for carrying out specific portions of the Commission's responsibilities. The offices work in close coordination to effectively carry out the Commission's statutory authorities.



As of January 30, 2010

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THE CURRENT CHAIRMAN and COMMISSIONERS



Chairman Jon Wellinghoff

Sworn In: July 31, 2006

Term Expires: June 30, 2013



**Commissioner
Cheryl A. LaFleur**

Sworn In: July 13, 2010

Term Expires: June 30, 2014



**Commissioner
Philip D. Moeller**

Sworn In: July 24, 2006

Term Expires: June 30, 2015



**Commissioner
John R. Norris**

Sworn In: January 11, 2010

Term Expires: June 30, 2012



**Commissioner
Marc Spitzer**

Sworn In: July 21, 2006

Term Expires: June 30, 2011

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COMMISSION OFFICES

Office of Administrative Law Judges

Resolves contested cases as directed by the Commission either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved.

Office of Administrative Litigation

Litigates or otherwise resolves cases set for hearing. Represents the public interest and seeks to litigate or settle cases in an equitable manner while ensuring the outcomes are consistent with Commission policy. The Dispute Resolution Service (DRS) is located within this office and provides neutral, third-party assistance using alternative dispute resolution (ADR) methods to parties in regulatory and environmental conflict; trains staff and energy stakeholders in collaborative problem-solving tools.

Office of Electric Reliability

Oversees and advises the Commission regarding mandatory standards for the reliability of the bulk power system. Works with the Commission Office of Enforcement, the Commission designated National Reliability Organization (NRO) and Commission designated Regional Entities (RE's) to develop and enforce standards to maintain a reliable electric grid at the bulk power system level. Recommends to the Commission reliability policies and procedures and reviews and recommends, if appropriate, modifications to reliability standards submitted by the NRO to the Commission for approval.

Office of Energy Market Regulation

Oversees energy market operations and structure including all rates and tariffs of the wholesale electric, natural gas, and oil pipeline markets. Responsible for reviewing and recommending to the Commission appropriate rate making treatment for all energy services under the Commission's jurisdiction and making recommendations on granting market based ratemaking authority for energy

marketers operating in wholesale electric markets. Recommends to the Commission appropriate treatment of all utility mergers, acquisitions, and dispositions of assets.

Office of Energy Policy and Innovation

Initiates, coordinates, and develops proposed energy policy reforms addressing significant emerging and historical issues to advance efficient, reliable, and sustainable energy for consumers. Examples of such issues include the cost effective reliable integration of renewable and distributed resources into the electric grid, the incorporation of demand side resources in electric markets, and the role of smart grid technologies in our energy future.

Office of Energy Projects

Fosters economic and environmental benefits for the Nation through the approval and oversight of hydroelectric, natural gas, (including pipelines, storage, and liquefied natural gas (LNG) facilities), and electric transmission projects that are in the public interest.

Office of Enforcement

Protects consumers and others impacted by wholesale energy markets. Oversees and monitors wholesale market operations and initiates appropriate enforcement actions when warranted. Market problems are identified and remedies are instituted either through informal action, or through compliance procedures including the initiation of investigations, the recommendation to the Commission to issue a formal complaint, including recommendations for appropriate remedies including civil penalties if appropriate.

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Office of External Affairs

Provides support to the Commission's program offices' outreach efforts. OEA is also responsible for all communications with Congress, state officials, the media, and the general public for the Commission.

Office of the Executive Director

Provides administrative support services to the Commission including human resources (HR), procurement, information technology (IT), organizational management, financial, and logistic functions.

Office of the General Counsel

Provides legal services to the Commission. Represents the Commission before the courts and Congress and is responsible for the legal aspects of the Commission's activities.

Office of the Secretary

Serves as the official focal point through which all filings are made for proceedings before the Commission.

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REGULATORY AUTHORITY HISTORY AND OVERVIEW

The Commission has an important role in the development of a reliable energy infrastructure and the protection of wholesale customers from unjust and unreasonable rates and undue discrimination and preference. The Commission draws its authority from various statutes and laws that are described below.

Hydropower

Congress passed the Federal Water Power Act of 1920 which gave the FPC its original authority to license and regulate nonfederal - hydropower projects on navigable waterways and federal lands. As the regulatory authority of the FPC expanded, the Federal Water Power Act ultimately became Part I of the FPA. Part I of the FPA has been amended by subsequent statutes including the Electric Consumers Protection Act of 1986 and the Energy Policy Act of 1992. The Commission relies on these authorities to carry out its hydropower responsibilities including: the issuance of preliminary permits; the issuance of licenses for the construction of a new project; the issuance of licenses for the continuance of an existing project (relicensing); the investigation and assessment of headwater benefits; and the oversight of all ongoing project operations, including dam safety and security inspections, public safety and environmental monitoring. While the Commission's responsibility under the FPA is to strike an appropriate balance among the many competing developmental and environmental interests, several other laws, statutes, and executive orders affect hydropower regulation. These include, but are not limited to, the National Environmental Policy Act (NEPA), Clean Water Act, Coastal Zone Management Act, Endangered Species Act, Fish and Wildlife Coordination Act, and National Historic Preservation Act.

Electric

Since 1935, the Commission has regulated certain electric industry activities under the FPA. Under FPA sections 205 and 206, the Commission ensures that the rates, terms and conditions of sales for resale of electric energy and transmission in interstate commerce by

public utilities are just, reasonable, and not unduly discriminatory or preferential. Under FPA section 203, as amended by the Energy Policy Act of 2005 (EPAct 2005), the Commission reviews mergers and acquisitions, and certain other corporate transactions involving public utilities and public utility holding companies.

The Commission is also ultimately responsible for protecting and improving the reliability of the bulk power system. Section 215 of the FPA provides for the establishment of a federal regulatory system of mandatory and enforceable electric reliability standards for the Nation's bulk power system. The standards, developed by a Commission-certified Electric Reliability Organization (ERO) and approved by the Commission, apply to all users, owners, and operators of the bulk power system. The ERO operates within the 48 contiguous states and is under the direct oversight of the Commission. The Commission is ultimately responsible for the effective enforcement of the standards.

The Commission also has other electric regulatory responsibilities under portions of the Public Utility Regulatory Policies Act of 1978 and the Public Utility Holding Company Act of 2005 pertaining to qualifying facilities, exempt wholesale generators, and books and records access requirements. Under the Energy Independence and Security Act of 2007 (EISA), the Commission, along with DOE and National Institute of Standards and Technology (NIST), participates in a smart grid taskforce to ensure awareness, coordination, and integration of the federal government's diverse activities related to smart grid technologies and practices.

The Commission also has limited authority over the siting of electric transmission facilities. Under section 216 of the FPA, the Commission has backstop siting authority, subject to certain conditions, for electric transmission facilities that are proposed in National Interest Electric Transmission Corridors, designated by the Secretary of Energy.

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The Commission's regulations apply primarily to investor-owned utilities. Government-owned utilities (e.g., Tennessee Valley Authority, federal power marketing agencies), state and municipal utilities, and most cooperatively-owned utilities are not subject to Commission regulation (with certain exceptions). Regulation of retail sales and local distribution of electricity are matters left to the states. In addition, the Commission does not have a role in authorizing the construction of new generation facilities (other than non-federal hydroelectric facilities) which is the responsibility of state and local governments.

Natural Gas and Liquefied Natural Gas

The Commission's role in regulating the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Under section 3 of the NGA, the Commission reviews the siting, construction, and operation of facilities to import and export natural gas, including LNG terminals. As part of its responsibility, the Commission conducts cryogenic design and technical review of the operational aspects of LNG facilities during the certificate process. Once a facility is constructed and operational, the Commission conducts safety, security and environmental inspections for the life of the facility.

Under section 7 of the NGA, the Commission issues certificates of public convenience and necessity for the construction and operation of interstate natural gas pipelines and storage facilities. FERC is also responsible for conducting compliance inspections of the natural gas pipelines and storage facilities during construction. Although the Commission does not have any jurisdiction over the safety or security of natural gas pipelines or storage facilities once they are in service, it actively works with other agencies with these responsibilities, most notably the Pipeline and Hazardous Materials Safety Administration of the Department of Transportation (DOT).

As required by NEPA, the Commission prepares environmental documents for proposed natural gas and LNG facilities and acts in conformance with other environmental statutes as appropriate, including the Endangered Species Act, National Historic

Preservation Act, and Coastal Zone Management Act.

Under sections 4 and 5 of the NGA, the Commission oversees the rates, terms and conditions of certain sales for resale and transportation of natural gas in interstate commerce. The Commission is also responsible for determining fair and equitable rates for intrastate pipelines transporting or storing natural gas under the Natural Gas Policy Act (NGPA) section 311 program. The Commission's jurisdiction over sales for resale of natural gas is limited by the Natural Gas Policy Act of 1978 and the Natural Gas Wellhead Decontrol Act of 1989. Regulation of the production and gathering of natural gas, as well as retail sales and local distribution, are matters left to the states.

Oil

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

Oversight and Enforcement

Through the EPOA 2005, Congress granted the Commission enhanced authority to assess civil penalties for violations of the FPA, NGA, and NGPA. EPOA 2005 made three major changes to the Commission's civil penalty authority.

1. Congress expanded the Commission's FPA civil penalty authority to cover violations of any provision of Part II of the FPA, as well as of any rule or order issued there under.
2. Congress extended the Commission's civil penalty authority to cover violations of the NGA or any rule, regulation, restriction, condition, or order made or imposed by the Commission under NGA authority.

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3. Congress established the maximum civil penalty the Commission may assess under the NGA, NGPA, or Part II of the FPA as \$1,000,000 per violation for each day that it continues.

In addition, Congress expanded the scope of the criminal provisions of the FPA, NGA, and NGPA by increasing the maximum fines and increasing the maximum imprisonment time that apply when the Commission refers the case to the Department of Justice for criminal prosecution.

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GOAL 1: JUST AND REASONABLE RATES, TERMS AND CONDITIONS

Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.

Strategic Goal 1: Just and Reasonable Rates, Terms and Conditions (Dollars in thousands)		FY 2010 Actual	FY 2012 Request	Percentage Change FY 2010 to FY 2012
Objective 1.1: Regulatory and Market Means	Funding	123,949	124,238	0.2%
	FTEs	619	624	0.8%
Direct Program	Funding	102,914	102,767	-0.1%
	FTEs	507	509	0.4%
Support	Funding	21,036	21,471	2.1%
	FTEs	112	115	2.7%
Objective 1.2: Oversight and Enforcement	Funding	39,685	40,753	2.7%
	FTEs	202	207	2.5%
Direct Program	Funding	32,830	33,622	2.4%
	FTEs	165	169	2.4%
Support	Funding	6,855	7,132	4.0%
	FTEs	37	38	2.7%
TOTAL	Funding	163,635	164,992	0.8%
	FTEs	821	831	1.2%

Introduction

The Commission's statutory authority and overarching goal for wholesale energy markets is to ensure that rates, terms and conditions of service are just and reasonable and not unduly discriminatory or preferential. To achieve this goal, the Commission uses a combination of 1) effective regulation, including the review of proposed rates and market rules; and 2) market means, e.g., using competitive forces. While guarding ratepayers from unjust and unreasonable rates and protecting them from undue discrimination or preferential treatment, the Commission ensures that service providers

have the opportunity to receive a fair return on their investments in infrastructure.

The Commission is also responsible for enforcing its authorizing laws and its regulations. The Commission uses a balanced approach in its oversight and enforcement efforts including: informing entities about market rules and other regulations; promoting internal compliance programs; employing robust audit and investigation programs; and, where appropriate, exercising the Commission's civil penalty authority.

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OBJECTIVE 1.1: REGULATORY AND MARKET MEANS

Ensure implementation of appropriate regulatory and market means for establishing rates.

Improving the competitiveness of wholesale electric markets is important to achieving just and reasonable rates, terms and conditions of service. Competition encourages new entry among supply-side and demand-side resources, spurs innovation and deployment of new technologies, improves operating performance, and exerts downward pressure on costs. Notable benefits also stem from more broadly diversifying the fuels used to generate electricity. The Commission's open access transmission policies support competition and its related benefits to

consumers. The Commission also regularly reviews proposals from regional transmission organizations (RTOs) and independent system operators (ISOs) to reform wholesale organized markets to ensure that the dynamics for buying, selling and transmitting energy are robust and working as intended.

A significant portion of the Commission's workload lies in one of its core activities, the review of rates and tariff provisions. The Commission will focus on four strategies in support of this critical function.

-
- Strategy 1:** Establish rules that enhance competition by allowing non-discriminatory market access to all supply-side and demand-side energy resources
- Strategy 2:** Promote operational efficiency in wholesale markets through the exploration and encouragement of the use of software and hardware that will optimize market operations
- Strategy 3:** Develop and implement a common set of performance metrics for markets within and outside of ISOs/RTOs
- Strategy 4:** Promote broad participation, including the use of alternative dispute resolution services, in the Commission's processes and procedures
-

STRATEGY 1

Establish rules that enhance competition by allowing non-discriminatory market access to all supply-side and demand-side energy resources

Fundamental to the Commission's pursuit of just and reasonable rates is the consideration of both supply-side and demand-side resources in establishing rates and market rules. In competitive energy markets, supply and demand forces work in concert, yielding a just and reasonable rate. The Commission will work with RTOs and ISOs to identify possible reforms to market rules related to market access that, if adopted, can improve the competitiveness of wholesale energy markets. This work is especially important for new or emerging services and technologies, such as demand response, renewable energy, and electric energy storage.

Demand response is a change in electric usage by end-use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.

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Demand-Side Resources.

The development of demand-side energy resources supports many of the Commission's responsibilities by improving the operation of wholesale electric power markets and enhancing the reliability of the bulk power system. Demand response, for example, can provide competitive pressure to reduce wholesale electric power prices, increase awareness of energy usage, provide for more efficient operation of markets, mitigate market power, enhance reliability, and, in combination with certain new technologies, support the use of renewable energy resources and distributed generation. Other types of demand-side resources include energy efficiency resources, electric storage, and plug-in electric vehicles.

Barriers to Demand Resources.

The Commission will continue its efforts to identify and eliminate barriers to participation by demand resources in organized wholesale electric markets.

In FY 2009, FERC Staff issued a national assessment of demand response potential, estimating that the potential for peak electricity reductions across the country ranges between 38 and 188 gigawatts, or 4 to 20 percent of national peak demand. These savings, if realized, can reduce significantly the number of power plants needed to meet peak demand. As part of this assessment, barriers to demand response were identified along with recommendations for overcoming these barriers. The Commission also directed each RTO and ISO to identify barriers to the comparable treatment of demand response resources that are within the Commission's jurisdiction as part of its on-going effort to enhance the operation of organized markets operated by RTOs and ISOs. Building on these efforts and in compliance with Congressional mandates, the Commission published a National Action Plan on Demand Response in June 2010 that, among other things, identifies requirements for technical assistance and a national communications program, and develops or identifies tools and other materials to support the development of demand response. The Commission, in coordination with the Secretary of the DOE, is preparing for delivery to Congress a proposal for

implementing the National Action Plan on Demand Response.

In FYs 2009 and 2010, the Commission processed 8 compliance filings from the RTOs and ISOs, and currently has 19 filings under analysis, as they implement reforms designed to enhance participation of demand-side resources in RTOs and ISOs, as required by Commission Order No. 719. The Commission in FY 2010 also initiated a rulemaking proceeding to evaluate compensation mechanisms for demand response resources participating in RTO and ISO energy markets. In September 2010, the Commission convened a technical conference regarding demand response compensation.

In FYs 2011 and 2012, the Commission will explore further market reforms that will address barriers to the integration of demand-side resources into wholesale markets. Possible reforms include the development of new ancillary services, standardization of demand response market rules, and implementation of standards for measurement and verification, including standards being developed by the North American Energy Standards Board (NAESB). The Commission will also encourage the implementation of best practices for demand response products and procedures to help achieve their potential benefits. Similarly, continued attention will be paid to the methods for compensating demand-side resources in order to ensure comparable treatment of all resources selling into organized wholesale electric markets.

In addition, the Commission continues to encourage the development of market rules that permit energy efficiency resources to participate in wholesale markets. Like demand response, energy efficiency has the potential to improve the operation of wholesale power markets by mitigating market power and enhancing reliability. While there are currently limited opportunities for these resources to participate in organized markets, ISO New England and PJM Interconnection, L.L.C. (PJM) have allowed participation of energy efficient resources in their forward capacity markets. The levels of participation have been significant in both of these markets and trends indicate strong potential for growth in the resources offered into the capacity markets.

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Renewable Resources.

The use of renewable energy resources to generate electricity has the potential to be a cost-effective means to diversify the fuels used to generate electricity. The Commission has been responsive to requests for flexibility in how it approaches transmission rate design, recognizing that renewable resources are often "location-constrained," and do not have the flexibility to locate near existing transmission lines. For example, the Commission approved a proposal by Southwest Power Pool (SPP) in June 2010, to change its transmission cost allocation process which, in some measure, was intended to remove barriers to the integration of wind resources. In July 2010 the Commission also approved a proposal from Champlain Hudson Power Express, Inc. for a merchant transmission project, which would add 2,000 megawatts (MW) of high voltage direct current (HVDC) transmission to the grid. This proposal includes advanced technology and would transmit predominately renewable power from Canada into New York City. The Commission anticipates that in FY 2012 it will continue to receive requests to adopt innovative or flexible approaches to transmission cost allocation, rate design, and terms and conditions of service, particularly as more renewable resources seek to interconnect to the grid to satisfy various state renewable portfolio standards.

The Commission will continue to pursue market reforms to allow all resources, including renewable energy resources, to compete in jurisdictional markets on a level playing field. In January 2010, the Commission issued a Notice of Inquiry on seven areas of potential regulatory focus for improving the integration into the electric grid of variable energy resources, a category that includes many renewable energy resources. The Commission received over 2,800 pages of comments from market participants and other stakeholders. Based on its review of these comments, the Commission issued a proposed rule in November 2010 that would reform the tariffs filed by public utility transmission providers to require them to offer services that will allow for a more efficient integration of variable energy resources such as wind, solar, and hydrokinetics in the grid system.

Generation Capacity.

The Commission also has taken action to ensure the procurement of adequate capacity for future periods in organized competitive markets. The Commission has approved forward-looking, auction-based markets in the PJM and ISO New England regions to allow load-serving entities to procure adequate capacity to meet the long-term energy needs of consumers. In other regions, such as the California Independent System Operator (CAISO) and the Midwest Independent Transmission System Operator, Inc. (Midwest ISO), the Commission has approved alternative approaches to the forward-capacity procurement design. While the market mechanisms the Commission approves often vary in design, all are intended to provide incentives to both retain existing generation and encourage the entry of new resources to meet increasing electric supply needs.

The establishment of forward capacity markets has resulted in a substantial increase in the participation of demand-side resources in the markets, providing for greater competition among generation and demand resources. For example, in PJM, participation of demand side resources in the capacity market has increased significantly since the inception of its forward capacity market in 2007. During the 2007-2008 capacity delivery year, about 127 MW of demand-side resources cleared in the forward capacity market, compared to about 9,000 MW in the 2013-2014 capacity delivery year. According to PJM's independent market monitor, the substantial participation of demand-side resources has had a significant downward impact on capacity auction prices. The Commission will continue to refine operation of forward capacity markets in FYs 2011 and 2012 by acting on related proposals and complaints filed by RTOs, ISOs and interested parties.

Open Access Transmission Tariff Reform.

Non-discriminatory, open access to transmission services is a principal tenet in the Commission's approach to accomplish its mission. Open access transmission tariff reform contributes to the Commission's goal of removing impediments to competition in the wholesale bulk power marketplace and bringing more efficient, lower cost power to the Nation's electricity consumers.

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Toward that end, the Commission requires all public utilities that own, control or operate facilities used for transmitting electric energy in interstate commerce to file open access non-discriminatory transmission tariffs.

With the issuance of Order No. 890 in February 2007, the Commission revised the *pro forma* Open Access Transmission Tariff to allow customers to self-supply any ancillary service from any resources capable of providing that service (except for services that, for technical reasons, are required to come from the transmission provider). To build on this reform, the Commission initiated outreach with stakeholders to identify barriers to this practice.

Accordingly, the Commission conducted a technical conference in May 2010 that examined whether the existing market designs in the ISO/RTO markets provide incentives for investment in new technologies that can provide higher quality ancillary services relative to traditional resources. Based on the comments provided during the technical conference, the Commission will determine whether to initiate one or more rulemakings in FYs 2011 and 2012 to propose further reforms in this area.

The Commission also addressed inconsistencies in the methodology used to calculate available transmission capacity, a critical function of the open access transmission tariff. This calculation determines whether transmission capacity is available for sale to third parties, which can directly affect competition in the energy market. The Commission determined that the lack of a consistent, industry-wide methodology gives transmission providers the opportunity to unduly discriminate against third parties.

To rectify this situation, the Commission directed the industry to use the North American Electric Reliability Corporation and the NAESB processes to reach a consensus on an appropriate methodology and develop the related necessary reliability standards and business practices. The Commission approved these standards in FY 2010 and they are expected to be implemented in April 2011. Once finalized, the transparent and standard available transmission capacity calculation methodology will lead to improved access to accurate information by customers and will support increased competition.

The Commission will continue to evaluate and make improvements to the open access transmission tariff through FY 2012 as needed.

STRATEGY 2

Promote operational efficiency in wholesale markets through the exploration and encouragement of the use of software and hardware that will optimize market operations

The utility industry is by nature capital intensive, requiring the use of sophisticated software and significant investment in hardware to optimize market operations. Within the organized markets operated by RTOs and ISOs which often share common features, there are opportunities to enhance efficiency by expanding implementation of best practices. In June 2010, the Commission held three technical conferences to discuss efforts by market operators, software developers, DOE national laboratory staff and academics to enhance operational efficiency in FERC-jurisdictional markets. Many of these efforts

involve new techniques designed to allow more useful and realistic power system modeling that enables increased penetration of renewable generation, demand-side resources, electric storage and plug-in electric vehicles.

The efforts completed during FYs 2010 and 2011 will identify best practices in power system modeling and optimization and allow the Commission to pursue voluntary adoptions of the identified best practices. If appropriate, in FY 2012 the Commission will initiate a rulemaking to further encourage adoption of the identified best practices.

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STRATEGY 3

Develop and implement a common set of performance metrics for markets within and outside of ISOs/RTOs

In Order No. 2000, the Commission encouraged the voluntary formation of RTOs to operate the electric transmission grid and to create organized wholesale electric markets. The development of RTOs and modified market structures was aimed at increasing the efficiency of wholesale electric market operations and increasing non-discriminatory access to the transmission grid. The Commission mandated that RTOs be independent from market participants, fairly exercising operational authority over all transmission facilities under their control. With extensive stakeholder input, RTOs design tariffs that are responsive to the needs of their regions, submitting their tariff proposals for review by the Commission. The Commission works to ensure that RTO and ISO tariffs promote nondiscriminatory access to transmission and support just and reasonable rates for energy and services in their markets.

Today, RTOs and ISOs serve roughly two-thirds of all electricity consumers in the United States by providing transmission service, interconnecting new resources to the transmission grid, and operating wholesale markets for the sale of electricity. In recent years, the Commission has issued many of orders implementing reforms to the services provided, and the markets operated, by RTOs and ISOs in an effort to enhance competition and increase efficiency.

To support these further enhancements to RTO and ISO activities, and to evaluate the effectiveness of its decision to encourage the creation of RTOs and ISOs, Commission staff have been developing operational and financial metrics to measure the performance of RTOs and ISOs and transactions in the markets they administer.

In FY 2010, the Commission staff developed a broad range of metrics, consulted with the RTOs and ISOs, and held focused outreach meetings with a variety of industry, consumer, and state regulatory associations to receive their input on the metrics. The Commission then issued these metrics for public comment. After reviewing these comments, the Commission staff issued a final set of 57 metrics that measure RTO and ISO performance in three areas: organizational effectiveness, market performance, and reliability performance.

In December 2010, each of the RTOs and ISOs submitted a report containing data for these metrics covering the period 2005 – 2009. Based on this information, the Commission plans to issue a report to Congress in FY 2011 to communicate the benefits of ISOs/RTOs and, where appropriate, identify possible changes to address any performance concerns. Also, during FY 2011, Commission staff will engage in a collaborative process with non-RTO/ISO utilities to develop comparable operational and financial performance metrics. The Commission will then issue a second report that will explain both RTO/ISO metrics data and the non-RTO/ISO utility metrics data.

In FY 2012, the Commission will analyze all data collected during FY 2011 to ensure that the metrics create an accurate comparison of differing market structures. The Commission will establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs, refining the metrics as necessary.

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STRATEGY 4

Promote broad participation, including the use of alternative dispute resolution services, in the Commission's processes and procedures

The Commission recognizes the value of resolving filings involving jurisdictional companies through consensual means and using alternate dispute resolution techniques in the energy markets it oversees. This practice increases the probability of an outcome where all parties' concerns are addressed. The settlement of these cases is also beneficial to energy consumers as it dramatically limits the time, expense and resources that the Commission and outside parties would otherwise need to devote to these cases. Further, the resolution of a case through settlement is likely to be more acceptable to the parties than a litigated outcome, and therefore reduces the likelihood of an appeal. During FY 2010, administrative law judges resolved a majority of cases set for hearing by the Commission through some means of ADR.

In FYs 2010 and 2011, the application of ADR to resolve disputed energy matters at the Commission significantly increased. Continuing into FY 2012, the Commission will apply a multi-pronged ADR program that integrates internal and external ADR support mechanisms to encourage public participation and improve regulatory outcomes. Internally, the Commission is identifying procedures and entry points for ADR services in processing energy applications, facilitating public engagement, and addressing energy disputes. Externally, the Commission is educating and engaging a variety of stakeholders to promote broad public participation and use of ADR services to accomplish regulatory mission and energy goals.

Settlements.

The Commission's administrative law judges (serving as settlement judges) and trial staff plays an important role in ensuring just and reasonable rates and terms and conditions of service. Recently, the trial staff negotiated settlements of two natural gas pipeline rate proceedings which resulted in annual savings of approximately \$180 million for the ratepayers on these pipelines. Similarly, settlement judges, with the assistance of trial staff, successfully negotiated settlements that saved electric transmission customers of a west coast utility over \$141 million on an annual basis. Also, a settlement judge with the assistance of trial staff successfully negotiated a multi-case oil pipeline settlement which provided \$205 million in refunds for the pipelines' shippers.

The Commission's legal and technical staff also provide significant assistance to parties attempting to resolve hydropower licensing proceedings through settlement. By designating experts to participate in negotiations as non-decisional staff, the Commission is able to help settling parties craft settlements that are supported by strong technical, legal, and policy analysis.

CORE FUNCTIONS

Execute additional statutory requirements to advance strategic goals and objectives

The Commission advances these four strategies through its core function: the evaluation of rate and tariff filings, including various accounting requirements. All jurisdictional electric utilities, natural gas pipelines, and oil pipelines are required to have their rates, terms and conditions on file with the Commission. The Commission must

review proposed changes to filed rates, terms, and conditions and all comments filed in response to proposed changes before making a determination on whether to accept, accept with modifications, or reject the proposed changes. To give parties an opportunity for further discussion of the proposed changes, the Commission may also establish a hearing

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or a technical conference. To comply with legislative directives to collect and display information electronically, and to increase the usefulness of and accessibility to company data, the Commission recently implemented Order No. 714, which requires that all tariffs, tariff revisions and rate change applications for public utilities, natural gas pipelines, oil pipelines and power administrations be filed electronically. This change significantly automated the Commission's tariff management capabilities while also expanding public access to filed tariffs.

The Commission reviews applications for market-based rate authorizations for the sale for resale of electricity, capacity, or ancillary services by public utilities, granting authority where the ability to exercise market power either is not present or has been mitigated. Public utilities with market-based rate authority must submit Electric Quarterly Reports in order to maintain this authority.

Electric utilities, natural gas pipelines and oil pipelines that do not qualify for market-based rate authority must establish their rates using a cost-based rate structure. When reviewing cost-based rate proposals, the Commission considers the opportunity to recover investments in energy infrastructure and the fair allocation of costs among ratepayers.

In the natural gas industry, the Commission also permits the use of negotiated rates for natural gas pipelines that cannot demonstrate a lack of market power, subject to the availability of a cost-based recourse rate.

Related to these filings, the Commission anticipates an increase in requests from regulated entities for accounting guidance related to new technologies. Because of the large number of filings received annually, the Commission dedicates a significant amount of resources to this analysis and will continue to do so in FYs 2011 and 2012.

Rate and Tariff Filings by Industry

	FY 2008	FY 2009	FY 2010	FY 2011*	FY 2012*
Electric	4,880	4,196	5,977	4,200	4,200
Gas	1,281	1,782	1,894	1,600	1,600
Oil	554	576	801	600	600

**Projections based on historical data and expected filings*

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PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 1.1

Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated.	
FY 2010 TARGET	Evaluate ISO/RTO filings on barriers to demand response. Complete and submit National Action Plan on Demand Response
FY 2010 RESULT	Target Met. In FY 2010, issued orders evaluating 6 filings submitted by RTOs and ISOs to identify barriers to demand response and to comply with other requirements of Order No. 719. Completed and published on June 17, 2010, a National Action Plan on Demand Response (Docket No. AD09-10).
FY 2011 TARGET	As appropriate, issue Notice of Proposed Rulemaking on further steps to eliminate barriers to demand resources, including steps identified in National Action Plan on Demand Response
FY 2012 TARGET	As appropriate, issue Final Rule on further steps to eliminate barriers to demand resources.
Best practices for demand response products and procedures in organized wholesale electric markets will be identified and implemented.	
FY 2010 TARGET	Perform outreach with ISOs/RTOs, demand response providers, and others. As appropriate, issue Notice of Proposed Rulemaking on best practices
FY 2010 RESULT	Target Met. Engaged in outreach between October 1, 2009 and January 31, 2010 with RTOs/ISOs, demand response providers, retail industry, technology providers and state regulators regarding practices affecting demand response products and procedures. On March 18, 2010, issued a notice of proposed rulemaking (NOPR) entitled Demand Response Compensation in Wholesale Electric Markets (Docket No. RM10-17).
FY 2011 TARGET	As appropriate, issue Final Rule on best practices
FY 2012 TARGET	Implement Final Rule as appropriate

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All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.	
FY 2010 TARGET	Perform outreach to identify the need for modification or creation of additional ancillary services, and issue Notice of Proposed Rulemaking, as appropriate
FY 2010 RESULT	Target Not Met. Engaged in outreach between 10/1/09 and 6/30/10 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. On January 21, 2010, issued a Notice of Inquiry seeking public comment on the extent to which reforms are necessary to ensure that wholesale electricity tariffs, including those governing ancillary services, remain just, reasonable and not unduly discriminatory (Integration of Variable Energy Resources, RM10-11-000). The Commission received over 2,000 pages of comments from industry, state and federal agencies, and consumer interests, which are being analyzed to determine the need to modify existing, or create additional, ancillary services through a NOPR. Because of the large number of comments, more time is needed to develop specific proposals to include in a NOPR. Work on a NOPR proposal will continue into the FY 2011. Although the Commission did not issue the NOPR in FY 2010, it will not have a negative impact on achieving subsequent targets or overall program performance.
FY 2011 TARGET	As appropriate, issue Final Rule on ancillary service products and procedures
FY 2012 TARGET	Implement Final Rule as appropriate

Pursue market reforms that will allow renewable energy resources to compete fairly in Commission-jurisdictional markets.	
FY 2010 TARGET	Perform outreach with industry and issue staff white paper identifying potential need for and types of market reforms
FY 2010 RESULT	Target Met and Exceeded. Conducted outreach between October 1, 2009 and June 30, 2010 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. After the outreach was completed, the Commission determined a Notice of Inquiry could be issued in lieu of a staff white paper and still achieve the same purpose. On January 21, 2010, issued an NOI seeking comment on the integration of variable energy (renewable) resources (Integration of Variable Energy Resources, Docket No. RM10-11-000).
FY 2011 TARGET	Issue Notice of Inquiry/Notice of Proposed Rulemaking on market reforms, if appropriate
FY 2012 TARGET	Issue Final Rule on market reforms, if appropriate

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Methods for modeling system operations will be enhanced and new software will be developed that increases efficiency and optimizes market operations.	
FY 2010 TARGET	Internal release of staff white paper; industry outreach, including technical conferences, to identify best practices.
FY 2010 RESULT	Target Met. Explored opportunities to enhance operational efficiency in jurisdictional markets through the deployment of new modeling software and optimization of market operations. Staff held three conferences in June 2010 to gather information from the public regarding modeling and software enhancements. On July 29, 2010, delivered a white paper to the Commission's Chief of Staff outlining opportunities for further work on this project.
FY 2011 TARGET	Pursue voluntary adoption of best practices by RTOs/ISOs; if appropriate, issue Policy Statement and/or Notice of Inquiry/Notice of Proposed Rulemaking.
FY 2012 TARGET	Follow-up workshops on best practices implementation; issue Final Rule, if relevant

Develop standard set of metrics and analyze results.	
FY 2010 TARGET	Explore and develop appropriate operational and financial metrics for ISOs/RTOs
FY 2010 RESULT	Target Not Met. During FY 2010, Commission staff worked with RTO and ISO staff, stakeholders and other experts to develop standardized metrics to track the performance of RTOs and ISOs and transactions in the markets they administer. Proposed metrics were made publicly available for comment in February 2010, and Commission staff has reviewed comments submitted on the proposed metrics. While the final metrics were not issued during FY 2010, this had no adverse impact on the program. The Commission released the final metrics in early FY 2011 and collected data from the RTOs and ISOs shortly thereafter.
FY 2011 TARGET	Explore and develop appropriate operational and financial metrics for non-ISO/RTO regions
FY 2012 TARGET	Establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs

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Appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.	
FY 2010 TARGET	Develop guidelines/tariff provisions to apply to filings/issues amenable to consensual resolution
FY 2010 RESULT	<p>Target Not Met</p> <p>During FY 2010, staff reviewed and categorized two years of recent Commission orders which set cases for consensual resolution/hearing. Internal dialogue with senior staff and program managers provided additional understanding into the types of cases which may be amenable to consensual resolution. Through these efforts, a baseline of the types of cases and issues that the Commission traditionally sets for consensual resolution/hearing was established.</p> <p>Following this internal communication, staff identified a list of approximately 30 external stakeholders who could provide valuable insight to the guideline development process. Securing the necessary internal clearances took more time than was initially contemplated. Further, acquiring the input from these external stakeholders has taken significantly more time than anticipated because the number of external parties is much higher than originally planned. The meetings that have occurred to date have been very productive and the Commission staff will continue to meet with the remaining parties throughout the first and second quarters of FY 2011. Although the Commission did not finalize the guidelines in FY 2010, it will not have a negative impact on overall program performance.</p>
FY 2011 TARGET	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs
FY 2012 TARGET	Conduct study to determine if pilot program should be expanded

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OBJECTIVE 1.2: OVERSIGHT AND ENFORCEMENT

Increase compliance with the Commission's rules and deter market manipulation.

The Commission's oversight and enforcement program takes proactive steps on a variety of fronts to reduce the probability that violations will occur and to detect problems before they become severe or widespread. To prevent market participants and regulated entities from unknowingly violating the Commission's rules, the Commission works with stakeholders to explain the intent and requirements of its rules. In order to increase compliance with its rules, the Commission provides recommendations and guidance to regulated entities.

The Commission aims to prevent market conditions that would hurt competition and lead to unjust and unreasonable rates. This entails ongoing reviews of market behavior and results, a deliberate strategy of disseminating findings, and performing sophisticated analysis of market anomalies. These three integrated activities provide state regulators and the public a comprehensive view of the energy markets. This practice yields an increased level of confidence from the public, which is critical to properly functioning energy markets.

The Commission also ensures that rates are just and reasonable and not unduly

discriminatory or preferential by requiring that financial and market information is recorded in a useful form, is transparent, and is in compliance with the Commission's accounting regulations. The Commission also improves competitiveness in wholesale electric markets by preventing the accumulation and exercise of market power as it reviews proposed mergers, dispositions, and acquisitions, thereby ensuring that all such transactions are consistent with the public interest.

It is important for the Commission to have clear rules and requirements and fair processes to guarantee that each entity involved in a Commission investigative or enforcement action understands both the applicable rules and regulations and the due process rights available. These key facets of the Commission's enforcement program ensure that enforcement actions are consistent, fair, and can withstand legal challenges.

The Commission's general oversight and enforcement role is one of its core activities. The Commission will focus on two strategies in support of this critical function.

Strategy 1: Promote internal compliance programs and self-reporting of violations

Strategy 2: Use a risk-based approach to plan and prioritize audits of jurisdictional companies' operations

STRATEGY 1

Promote internal compliance programs and self-reporting of violations

The Commission is committed to encouraging better compliance with statutory and regulatory requirements and will continue to engage the public and the regulated community to encourage comprehensive compliance initiatives. Since FY 2008, the Commission has encouraged regulated entities and market participants in electric and natural gas markets to place more emphasis on their internal compliance protocols.

In FYs 2011 and 2012, the Commission will continue to encourage entities subject to the Commission's regulatory requirements to develop robust internal compliance programs and to self-report violations that occur.

Review of compliance programs will be part of the Commission's compliance audits and, as appropriate, will be discussed in publicly available audit reports. The Commission will continue to engage in formal and informal

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outreach efforts to promote effective compliance programs and to examine compliance practices as a standard component of investigations. In addition, consistent with the 2008 Policy Statement on Compliance, the Commission may lower the amount of a civil penalty if a vigorous compliance program was in effect when the violation occurred. Where violations do not involve significant harm and where the four key

factors of effective compliance practices are present, the Commission may reduce, or opt not to pursue a civil penalty if a violation nonetheless occurs. In situations where the Commission enters into a settlement agreement, the Commission will make the settlement agreement known to the public in order to encourage others to implement vigorous compliance programs.

Four Key Factors in a Vigorous Compliance Program	
1.	Active involvement and support of senior management
2.	Effective preventative measures including accountability, review, and evaluation
3.	Prompt detection, cessation and reporting of violations that occur
4.	Remediation of misconduct

As a result of these efforts, the Commission anticipates that it will find, through its audits and investigations, an increase in the number of entities that have implemented effective compliance practices and protocols that are reflective of a culture of compliance. The Commission further expects that this culture of compliance will lead to entities actively addressing and minimizing areas of systematic noncompliance.

The Commission continues to receive self-reports of violations from regulated entities and market participants. In FY 2010, the Commission received 93 self-reports of violations ranging from minor errors in filing requirements to breaches of rules on the use of transmission entitlements or capacity release requirements. Many of the self-reported matters were resolved without any sanctions, while some more serious matters

resulted in investigations. In FY 2010, the Commission issued one order approving a settlement with civil penalties for a self-reported matter.

The information gathered from these self-reports is provided to the public and regulated entities in the Commission's annual report on enforcement activities. The 2010 Report on Enforcement was released in November 2010 (<http://www.ferc.gov/legal/staff-reports/11-18-10-enforcement.pdf>). Such information assists regulated entities in identifying risks to address through their compliance programs and underscores the benefits of self-reporting and voluntary compliance. The Commission expects that as regulated entities and market participants improve their internal compliance monitoring, they will continue to self-report violations.

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STRATEGY 2

Use a risk-based approach to plan and prioritize audits of jurisdictional companies

The Commission uses a risk-based methodology to prepare an annual audit plan that addresses a variety of audit topics based on the Commission’s priorities. Risk is a key factor in determining the audit topics and candidates included in the audit plan.

The Commission conducts many audits on a proactive basis to ensure that jurisdictional companies comply with the Commission’s authorizing statutes, orders, rules, and regulations. In line with the Commission’s key objectives and strategies, an increasing amount of audit staff time is devoted to reviewing jurisdictional companies’ compliance programs and providing guidance on enhancing these programs.

The Commission completed 25 audits of jurisdictional companies which resulted in over 200 recommendations for corrective actions in FY 2010. In many cases, the recommended corrective actions improved and strengthened jurisdictional companies’ compliance programs. In FY 2012, the Commission is considering several topic areas in planning audits in the future such as: demand response,

capacity markets, affiliated transactions, trading processes, procedures, and controls, gas tariff and contracts, open access transmission tariff, market-based rate authority, accounting and reporting, regional transmission operators, and ISOs.

The risk assessment considers several sources of information including, but not limited to, forms filed with the Commission, state commissions, and the Securities and Exchange Commission; rate information gathered from Commission filings; pertinent financial information affecting stock and bond prices; a review of Commission and state rate actions; information gleaned from conversations with industry and state officials; and discussions with Commission senior officials and staff.

The Market Oversight Program
Gather large volumes of data to reflect ongoing market conditions
Validate data to ensure accuracy and relevancy
Process data to uncover meaningful patterns
Develop real-time information capabilities to address rapidly developing situations and emergencies
Identify areas of market intelligence to fill in gaps where available market data is inadequate

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CORE FUNCTIONS

Execute additional statutory requirements to advance strategic goals and objectives

The Commission advances these two strategies through its core oversight, investigation, enforcement, and accounting functions.

General Oversight and Enforcement

Accounting.

The Commission's accounting program is an instrumental component of its process to ensure that rates established for jurisdictional companies are just and reasonable and not unduly discriminatory. It is designed to evaluate financial, market, and other information filed or reported to the Commission for compliance with the Commission's accounting rules and provide reasonable assurance that the information used in setting rates is useful, accurate, and transparent.

Market Oversight.

Both natural gas and electric energy are traded in a variety of ways in a variety of markets. The markets range from extremely complex, requiring in-depth and time consuming data analysis, to simple one-to-one interactions. The Commission examines and monitors the structure, operations, and interaction of natural gas and electric markets, both physical and financial. This regular monitoring of energy markets is designed to maintain market intelligence, to identify market anomalies, and to recognize market events as they arise.

Market Monitoring and Surveillance.

On an ongoing basis, Commission staff accesses and synthesizes a large variety and quantity of data to review market fundamentals and identify emerging trends. Commission staff review this information and develop intelligence on market events as they occur. Surveys of market trends and changes highlight market outcomes that cannot be readily explained by supply and demand fundamentals. The Commission examines such anomalies to determine, among other

things, whether there are indications of possible fraud or manipulation.

The market oversight function also provides for detailed transaction analysis and subject matter expertise throughout the lifecycle of market manipulation investigations.

Outreach and Communication.

The Commission staff develops and presents its analysis, the annual State of the Markets Report, and seasonal assessments at the Commission's open meetings and subsequently posts this information on the Commission's website.

The Commission's market oversight staff also holds monthly conference calls with state energy officials to discuss natural gas and power markets. This affords the Commission the opportunity to share information on recent Commission actions related to its market oversight activities with the state regulators.

Transparency.

Today's electric and gas markets require increasingly sophisticated data collection and analysis for effective oversight. The Commission's market oversight program administers and ensures compliance with the Commission's filing requirements. The Commission's filings are instrumental in expanding market transparency and providing data in areas where no other source exists. The Commission requires jurisdictional companies to submit annual and quarterly reports regarding jurisdictional sales, financial statements, and operational data. Over 3,000 respondents filed one of the various forms in FY 2010.

The Commission, as well as energy industry participants, uses this information for a variety of purposes, including evaluating whether existing rates continue to be just and reasonable. Accordingly, the accuracy of these reports is a critical aspect of overseeing the markets. The Commission's market oversight program performs a series of data validation checks for the various FERC forms

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to ensure that submissions are accurate and comply with filing requirements. Of special note is the Electric Quarterly Report Analysis, which is used to support an entity's market based rate authority. The Commission's market oversight program analyzes the Electric Quarterly Report price, volume, and contract data to determine whether sellers are complying with the conditions of the market-based rate certificates and to indicate whether the market participant has obtained an excessive market share.

More than 1,600 companies held market-based rate authority as of November 2010.

Corporate Activities and Mergers.

The Commission ensures that the disposition, consolidation, or acquisition of jurisdictional facilities is in the public interest by reviewing each proposed transaction to determine its potential effect on rates, regulation, competition, and cross-subsidization.

Over the past few years, the Commission has seen many new issues arise within the area of corporate regulation. There are many nontraditional entities such as financial institutions, hedge funds, investment advisors, and foreign investment companies seeking Commission approval to take equity positions in utilities. While bringing new sources of capital to the utility industry, these types of acquisitions raise difficult issues regarding what level of equity interest may constitute "control" of a public utility and whether having a single entity with ownership interests in multiple utilities raises market power concerns. Because many of these entities are new to the Commission and their involvement in utility securities is evolving, they will continue to present novel, legal and policy issues.

The Commission will execute its statutory responsibilities to protect customers from affiliate abuse and to guard against cross subsidization by addressing new issues growing out of the Commission's oversight of public utility holding companies and by dealing with complex issues associated with ownership

and control of utility assets by hedge funds and other non-traditional entities.

Investigations and Enforcement.

In FY 2012 the Commission will continue to focus on the following investigation and enforcement priorities:

- Fraud and market manipulation;
- Anticompetitive conduct; and
- Conduct that threatens the transparency of regulated markets.

Conduct involving fraud and market manipulation poses a significant threat to the markets overseen by the Commission. Such intentional misconduct undermines the Commission's efforts to provide for energy services at a reasonable cost because the losses imposed by such actions ultimately are passed on to consumers. Further, anticompetitive conduct and behavior that threatens market transparency undermine the confidence market participants and consumers have in the energy markets.

While the great majority of market participants act in good faith and observe the relevant rules and regulations, there are instances in which some participants engage in manipulative behavior or breach known requirements when it is in their economic interest to do so. When such instances are suspected or identified, the Commission conducts an investigation.

While investigations are non-public activities, the Commission provides guidance to the regulated community where possible. The Commission has regular interactions with regulated entities, conducts outreach efforts, encourages companies to implement effective compliance practices, and when appropriate releases reports of investigations of alleged fraud or manipulation. These actions, and the Commission's demonstrated willingness to impose civil penalties or other sanctions where circumstances warrant, act as a deterrent to fraud, market manipulation and other violations. Furthermore, the Commission's robust oversight and enforcement program provide reassurance to potential infrastructure

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investors that the markets are actively monitored and rules are consistently enforced, thereby building their confidence.

Depending on its nature and complexity, an investigation can last between three months to well over a year and be staffed by two to ten or more persons. In FY 2010, the Commission opened 15 new investigations, 8 of which involved market manipulation or electric reliability. The Commission in FY 2010 also imposed sanctions in six previously investigated matters that resulted in payment of civil penalties totaling \$31.4 million. This continues to build a public record that indicates

to the regulated community and the public the consequences of different types of violations.

Enforcement Hotline.

The Commission operates an Enforcement Hotline whereby the public or industry participants can anonymously provide information to the Commission concerning potential regulatory violations, market anomalies, or market participant misconduct. The Commission received approximately 300 calls in FY 2010; most of which resulted in prompt, informal resolution of the question or dispute. However, the Commission opened two investigations in FY 2010 as a result of hotline calls.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 1.2

Percent of company compliance programs reviewed on Commission audits for the audit focus areas are found to be adequate to demonstrate a culture of compliance.	
FY 2010 TARGET	10%
FY 2010 RESULT	Target Met. 50% (2/4) of compliance programs were found to demonstrate an adequate culture of compliance. Because this performance measure is new for FY 2010, only audits that were started and completed in FY 2010 were included. In determining which audits would be included in the universe for this measure, the Commission developed general guidelines. In order to maintain consistency over time, only large, multi-scope audits will be included in this measure's universe.
FY 2011 TARGET	25%
FY 2012 TARGET	40%

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Percent of company compliance programs reviewed through investigations that involve a penalty are found to be sufficiently robust to merit credit to reduce the penalty.	
FY 2010 TARGET	10%
FY 2010 RESULT	Target Met. In 26% (20 out of 77) of the relevant cases in FY 2010, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2011 TARGET	25%
FY 2012 TARGET	40%

Percentage of audits included in the audit plan planned based on risk.	
FY 2010 TARGET	40%
FY 2010 RESULT	Target Met. 55% (52/94) audits planned using a risk-based approach.
FY 2011 TARGET	60%
FY 2012 TARGET	80%

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GOAL 2: INFRASTRUCTURE

Promote the development of safe, reliable, and efficient infrastructure
that serves the public interest.

Strategic Goal 2: Infrastructure (Dollars in thousands)		FY 2010 Actual	FY 2012 Request	Percentage Change FY 2010 to FY 2012
Objective 2.1: Infrastructure Development and Siting	Funding	72,086	73,512	2.0%
	FTEs	333	341	2.4%
Direct Program	Funding	60,767	61,766	1.6%
	FTEs	273	279	2.2%
Support	Funding	11,319	11,747	3.8%
	FTEs	60	63	5.0%
Objective 2.2: Safety	Funding	31,937	32,637	2.2%
	FTEs	161	163	1.2%
Direct Program	Funding	26,461	27,023	2.1%
	FTEs	132	133	0.8%
Support	Funding	5,477	5,614	2.5%
	FTEs	29	30	3.4%
Objective 2.3: Reliability	Funding	28,639	33,459	16.8%
	FTEs	137	164	19.7%
Direct Program	Funding	23,976	27,802	16.0%
	FTEs	112	134	19.6%
Support	Funding	4,663	5,656	21.3%
	FTE	25	30	20.0%
TOTAL	Funding	132,662	139,608	5.2%
	FTEs	631	669	6.0%

Introduction

The Commission has an important role in the development of a strong energy infrastructure that operates safely, reliably and efficiently. The Commission's infrastructure siting authority rests in licensing non-federal hydropower projects, certificating interstate natural gas pipelines and storage projects, authorizing LNG facilities and, in certain circumstances, permitting electric transmission lines. Throughout all of these processes, the Commission remains dedicated to expediting application processing without compromising safety, environmental responsibilities or public participation opportunities. Reconciling these competing interests, however, remains a significant challenge. The Commission believes that issues are best addressed openly and early in the application process, and encourages, and in certain circumstances

requires, project proponents to engage in early involvement of state and federal agencies, Indian tribes, affected landowners, and the public. Post-authorization, the Commission relies heavily on physical inspections of hydropower and LNG facilities to ensure safety, and in many cases, continues to work with local public and safety officials throughout the life of a project.

The Commission is also responsible for the protection and improvement of the reliability and security of the Nation's bulk-power system, based on adoption and enforcement of mandatory Reliability Standards. The ERO and the eight Regional Entities, as approved by the Commission, play vital roles in the Commission fulfilling this responsibility.

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The Commission is working towards improving the efficiency of the Nation's infrastructure. Efficient energy infrastructure includes both economic and operational efficiencies realized from the use of new technologies and procedures. The use of certain advanced technologies on the electric transmission

system may result in decreased line losses, or it may enable customers to reduce or shift demand. Commission staff is also exploring potential ways for natural gas facilities to recover waste heat energy generated by compressor units and then use that heat to run generators and create electricity.

OBJECTIVE 2.1: INFRASTRUCTURE DEVELOPMENT AND SITING

Increase efficient infrastructure consistent with demand.

The Commission will promote the development of efficient energy infrastructure in several ways including encouraging the use of advanced technologies in developing infrastructure, providing incentive rates for new transmission projects where appropriate, and promoting

transmission planning processes that address all stakeholders' needs and result in the development of a more efficient transmission system. In addition to its core infrastructure authorities, the Commission will focus on three strategies to achieve this objective.

Strategy 1: Encourage new electric transmission facilities that advance efficient transmission system operation

Strategy 2: Support electric transmission planning through the use of open and transparent processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources

Strategy 3: Promote efficient design and operation of natural gas facilities

STRATEGY 1

Encourage new electric transmission facilities that advance efficient transmission system operation

The lack of adequate transmission facilities creates a significant barrier to trade between markets and among regions. Furthermore, the Nation's electric grid largely uses decades-old technology and has not extensively incorporated new digital technologies.

Smart Grid.

Although digital technologies have transformed other industries, a similar change has not occurred for the electric grid. The Commission is encouraging the development and deployment of such technologies, including smart grid technology. Technological advances in this area have the potential to

improve reliability, security and efficiency of the bulk-power system and realize the efficiency improvements that are possible on the utility side of the meter.

Section 1305 of the EISA directs the Commission to determine if there is sufficient consensus on smart grid standards and, if so, to initiate a rulemaking through which it may adopt standards and protocols developed by the NIST to govern the implementation of smart grid technologies that can enhance reliability and efficiency in the operation of the Nation's electric grid. In FY 2010 the Commission has focused on coordination with NIST in the standards development process.

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A Technical Conference on Smart Grid Interoperability Standards was held in November 2010 in conjunction with the NARUC/FERC collaborative on Smart Response (Collaborative). In January 2011, a technical conference was held to obtain further information to aid the Commission's determination of whether there is "sufficient consensus" that the five families of standards posted by the NIST and included in this proceeding are ready for Commission consideration in a rulemaking proceeding, as directed by EISA section 1305(d). In FYs 2011 and 2012, the Commission will continue to support the deployment of smart grid applications by reviewing and adopting, as appropriate, standards and protocols developed through the NIST process.

The "smart grid" concept involves automating the electric grid by outfitting it with smart controls, two-way communications systems, and/or sensors. This has the potential to reduce power consumption through demand response, facilitate grid connection to renewable resources and distributed generation, enable the deployment of storage technologies, and improve grid reliability.

Utilities may be reluctant to invest in smart grid technology until relevant standards and protocols are finalized. In order to encourage the early advancement of smart grid technologies as standards are being finalized, the Commission has adopted rate policies that provide for recovery of investments that meet certain specified criteria. In FY 2010, the Commission received, and approved, one such request. The Commission will continue to review and act on proposals for such rate recovery in FYs 2011 and 2012, thereby supporting the number of transmission projects that incorporate advanced technologies as they are developed.

Incentive Rates.

To encourage greater investment in the Nation's transmission infrastructure, the Commission, pursuant to a legislative enactment, reviews requests for incentive rate treatment of transmission infrastructure investments, granting incentives for projects on a case-by-case basis. Incentive rate treatments, including recovery of increased return on equity, accelerated recovery of depreciation, and recovery of the cost of plant cancelled for reasons beyond the utility's control, aim to promote reliability and reduce transmission congestion.

Requests for incentive rates are expected to continue through FY 2012.

STRATEGY 2

Support electric transmission planning through the use of open and transparent processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources

Although ownership of the interstate transmission grid is highly disaggregated, with more than 500 owners, transmission expansions must be considered not only on a local basis, but also on a regional and sub-regional basis. To ensure that needed transmission is developed with the interests of all stakeholders in mind, the Commission requires that all public utilities establish and participate in open and transparent regional transmission planning processes. These transmission planning processes aim to improve the coordination of transmission planning among utilities and to support the development of an

efficient transmission system. To that end, the Commission requires public utilities to consider alternatives offered by developers in the transmission planning processes, including generation and demand response solutions.

These transmission planning processes are intended to facilitate the identification and construction of needed transmission, as well as to support competitive markets by reducing barriers to trade between markets and among regions.

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The Commission is also considering additional actions with respect to transmission planning and related issues. For example, informed by regional conferences on transmission planning, the Commission in June 2010 proposed new rules to improve transmission planning and cost

allocation practices. Among other changes, these proposed rules are designed to promote increased coordination among transmission owners and developers. Activities necessary to adopt a final rule in this proceeding, as appropriate, will continue in FY 2011.

STRATEGY 3

Promote efficient design and operation of natural gas facilities

The Commission continues its efforts to explore ways to improve the efficiency in the design and operation of jurisdictional natural gas facilities. In FY 2010, Commission staff examined 20 percent of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems. Additionally, in cooperation with industry participants, staff is conducting studies to explore energy efficiencies across the natural gas pipeline grid, as well as the electric grid. In May 2010, Commission staff conducted a technical conference on *Energy Efficiency of Natural Gas Infrastructure and Operations*. Participants from various sectors of the industry provided their perspectives and suggestions regarding ongoing efforts at the Commission to promote efficiency measures.

In FY 2012, Commission staff will continue conducting quarterly reviews of Electronic Bulletin Boards to gauge participation across the industry. Electronic Bulletin Boards are internet sites where pipeline companies must post certain information to be in compliance with Part 284.12 and 284.13 of the

Commission's regulations. Staff will review the FERC Form 567, annual flow diagrams, to identify which companies have facilities that may be candidates for waste heat recovery efforts. Finally, the Commission will analyze input from the conference on energy efficiency and catalogue all relevant ideas and suggestions regarding potential approaches that the Commission could take in implementing its energy efficiency strategy. By the end of FY 2012, Commission staff will have examined 60 percent of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems.

Waste heat recovery is the process of collecting the waste heat emitted from compressor units as a by-product of combustion, and then using that heat to run generators and create electricity.

CORE FUNCTIONS

Execute additional statutory requirements to advance strategic goals and objectives

In addition to these three strategies, the Commission will continue to play a key role in its core function: the development, siting, and regulation of infrastructure, in accordance with its statutory responsibilities.

Hydropower.

Hydropower is an essential component of the Nation's energy portfolio and offers the benefits of a renewable, domestic energy source that supports efficient, competitive electric markets by providing low-cost energy reserves and ancillary services. Hydropower

projects may also provide other public benefits such as managed water supply, recreation, economic development, and flood control while minimizing adverse impacts on environmental resources.

The Commission's hydropower responsibilities include: issuance of licenses for the construction of a new project (original licenses as well as small hydro and conduit exemptions); issuance of licenses for the continued operation of an existing project (relicenses), including any primary transmission lines; amendments to existing

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licenses; and oversight of all ongoing project operations, including dam safety inspections¹, environmental monitoring, and ensuring compliance with license requirements.

The Commission regulates over 1,600 non-federal hydroelectric projects at over 2,500 dams and impoundments. Together, these projects represent 54 gigawatts of hydroelectric capacity, more than half of all the hydropower in the United States.

Pre-Filing.

The pre-filing process typically begins three years prior to the filing of a license application². The Commission anticipates processing 39 pre-filing applications in FY 2012. Throughout this time, Commission staff will meet with stakeholders to develop study plans and ensure that the licensing proposal will be considered “complete” by the time the application is filed. The Commission expects to attend 30 public information meetings, conduct nine environmental site reviews and participate in numerous tribal consultations.

Applications.

Commission staff conducts environmental analyses for all filed license applications. The Commission is responsible for ensuring that the environmental document analyzes the project’s effects on recreation, fisheries, wildlife, water quality, wetlands, and cultural resources and makes recommendations for the protection, mitigation, and enhancement measures to be included in any license issued.

In FY 2010, the Commission acted on 19 applications representing a total capacity of 1,120.59 MW; that number is expected to rise to 31 applications in FY 2012. In order to adhere to the timeframes established by the integrated licensing process and continue processing applications in a timely manner, the Commission will require contractor assistance to perform analyses and prepare environmental documents.

¹ The Commission’s dam safety program is detailed in Objective 2.2: Safety.

² A relicensing application must be filed with the Commission no later than two years before the license expires.

In addition to license applications, the Commission also processes preliminary permit (permit) applications. A permit guarantees the holder “first-to-file” status for a particular site in cases where multiple applications are received by the Commission for a hydropower license. Permits also allow the holder to study a particular site for up to three years. A permit does not authorize construction, nor is it required to apply for, or receive, a license. The overall complexity and number of permit applications has almost doubled over the past three years. The increase in the number of these applications, and their expected continuing upward trend, can be attributed to the current and near-term positive regulatory climate and to new hydro technology research.

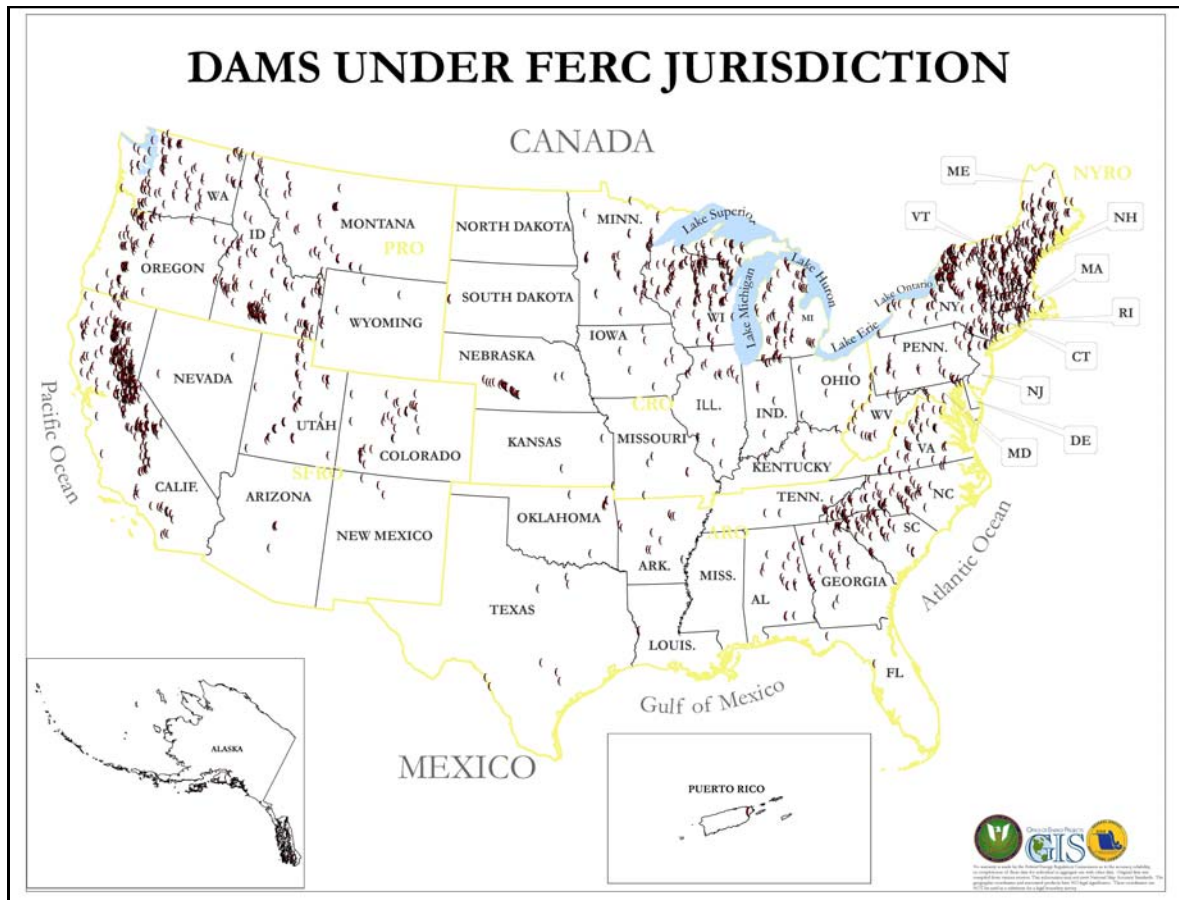
Environmental and Engineering Compliance.

Hydropower licenses issued by the Commission include terms and conditions that are designed to protect, mitigate, and enhance the environmental resources of project areas. These terms and conditions address such things as water quality, land use, wildlife, water supply, flood control, erosion control, endangered species, recreation, cultural resources, and fish habitat and passage.

As specified by the issued license, licensees are required to implement specific environmental and operational measures, generally after filing detailed plans, proposals and reports regarding the implementation of the measures. In addition, licensees proposing to undertake certain activities not already authorized by the project license must file amendment applications. When changing conditions make meeting their license requirements impossible, licensees also must file for a modification of their license requirement.

The Commission processes these filings, preparing environmental assessments and engineering reports as necessary for reviewing license amendments. The Commission works collaboratively with the licensees and other stakeholders to ensure timely review for adequacy and on-site implementation. The Commission processed 11 amendments to licenses resulting in an increased in authorized capacity of 177 MW. In addition, Commission staff processed 15 conduit exemption applications for a total of 19,500 kW of installed capacity. This number is expected to increase in FY 2012 due to the increased interest in small hydropower projects.

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PENDING HYDROPOWER PROJECT WORKLOAD

	FY 2010 (actual)	FY 2011 (projected)	FY 2012 (projected)
Number of Original Licenses Applications Pending	26	26	31
Number of Relicense Applications Pending	42	36	32
Number of 5-MW Exemption Applications Pending	5	5	9

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Shoreline Management and Outreach.

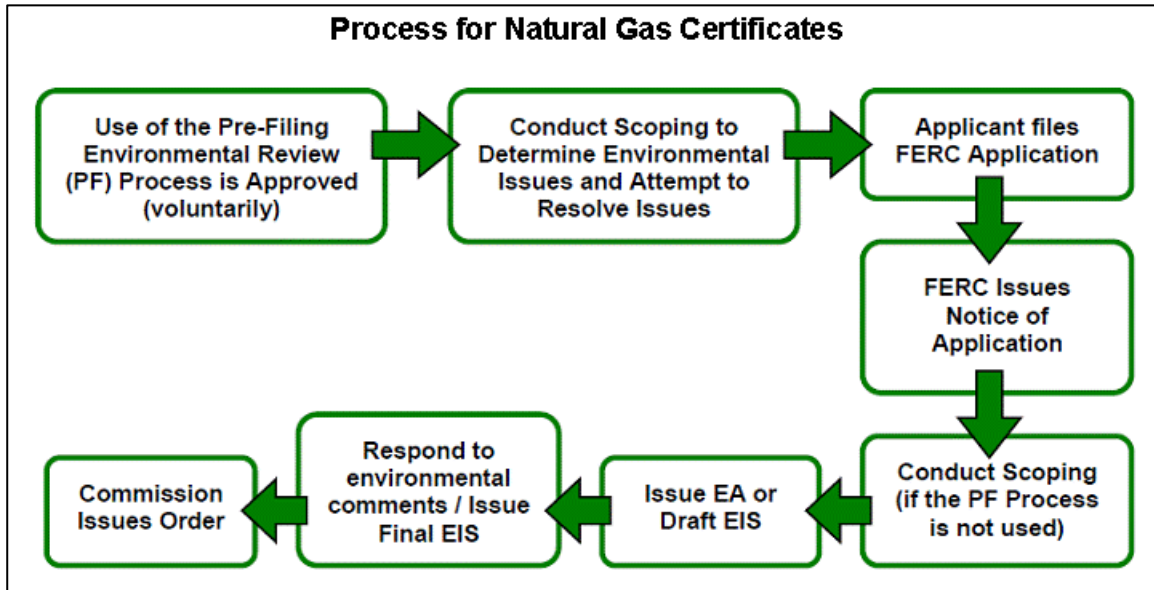
Licensees may, with Commission approval, authorize specific uses and occupancies of the project reservoir shoreline that are not related to hydroelectric power production or other project purposes (non-project uses). Examples of non-project uses include, but are not limited to: commercial marinas, private residential boats docks and marinas, shoreline erosion control structures, water withdrawal facilities, certain recreation facilities, utility lines, access roads, bridge crossings, and significant dredging activities. In FY 2010 the Commission staff processed over 60 applications for non-project uses of project lands.

To protect the environment and deal with increasing populations living around or recreating at hydropower projects, many licenses now require shoreline or land management plans which combine numerous conditions in one extensive plan and require a multidisciplinary approach for reviewing such plans. Shoreline Management Plans provide guidance to licensees and other interested parties including abutting shoreline owners, surrounding municipalities, and resource agencies for orderly and environmentally responsible development of project reservoirs including non-project uses.

In the past several years, the Commission staff has held workshops to assist licensees with specific issues. In 2010, staff held two Shoreline Management Workshops attended by over 20 licensees from the Midwest and Southeast regions to discuss shoreline uses and management along the reservoirs.

Environmental Inspections.

The Commission's on-site environmental inspection program evaluates and assesses implementation and compliance with the environmental and public use requirements of licenses to ensure protection and enhancement of resources at each project. On these inspections, staff identifies common problem areas, enforces the terms and conditions of each license, and assists the licensees with staying in compliance. In FY 2010, staff completed 115 compliance inspections, and approximately 75 inspections are expected to be conducted in each FYs 2011 and 2012. In addition, staff is working to ensure that approved non-project uses of project lands are constructed as stated in the Commission staff orders. To achieve this, staff has conducted special inspections to review the on-site facilities.



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Natural Gas Pipelines & Storage Projects.

The Commission is responsible for reviewing applications for the construction and operation of natural gas pipelines and other related facilities³. To meet the growing demand for natural gas, the Commission must respond to these applications in a timely manner. As in hydropower siting, the pre-filing process engages stakeholders in the identification and resolution of concerns prior to a company filing a certificate application with the Commission. The Commission staff's participation and initiative in these efforts allows for the filing of more complete certificate applications and enables more efficient and expeditious determination by the Commission. As part of the natural gas pipeline certificate application process, the Commission reviews applications to ensure that the proposed rates, terms and conditions of service are in the public interest, also assessing applications for embedded accounting issues in pipeline construction, acquisition purchase, and abandonment transactions. Commission staff will identify deficiencies in proposed accounting and recommends appropriate corrective action. These reviews of accounting in certificate filings provide greater certainty to pipelines by providing upfront guidance on accounting entries prior to the pipeline seeking formal Commission approval.

Applications.

In FY 2010, the Commission authorized 29 major natural gas pipeline projects which resulted in over 2,500 miles of additional pipeline and 943,192 horsepower of mainline compression. The Commission also authorized 17 storage projects resulting in 130.26 billion cubic feet of working gas capacity and 142,849 horsepower of storage compression. In FY 2012, the Commission expects that, with the continued development of multiple shale plays⁴, the number of natural gas pipeline applications will increase.

³ Once natural gas pipeline projects become operational, safety is regulated, monitored and enforced by the Department of Transportation.

⁴ Shale is a subsurface geological formation containing natural gas which, through hydraulic fracturing of rock, gas can be produced and shipped to consumers. These geologic formations occur throughout the country and are referred to as shale plays.

Alaska Natural Gas Pipeline Project.

The Commission's work on the Alaska Natural Gas Pipeline Project comes under a statute passed by Congress in 2004 – the Alaska Natural Gas Pipeline Act (ANGPA). The Commission has been fully engaged in the pre-filing review of two proposals to construct and operate an Alaska natural gas pipeline, extending from the North Slope of Alaska to the Alaska-Canada border (one proposal has an option to build an LNG export supply line to south Alaska). In FY 2010, the Commission took significant actions approving the commercial open season plans for each proposal as was required by Congress in ANGPA. If successful, the project sponsors' open seasons will confirm that there are shippers of natural gas willing to financially support the project. The Commission will continue to be involved in pre-filing reviews of these initiatives that will involve up to seven weeks of on-site work in Alaska by the Commission staff.

Environmental Inspections.

The Commission includes environmental protection, mitigation, and enhancement measures in authorizations for natural gas pipelines and storage facilities. While facilities are under construction, Commission staff conducts inspections at least once every 28 days to insure adherence to the prescribed environmental measures. In FY 2010, 550 natural gas facility compliance inspections were completed. The Commission expects to complete a similar number of inspections in each of FYs 2011 and 2012.

Outreach.

The Commission regularly conducts industry training seminars to provide guidance and insight on environmental review and compliance-related matters. These sessions are attended by state, local and federal agency officials, natural gas pipeline companies, and consulting firm staff and provide an opportunity for open dialogue between the Commission staff and these stakeholders. These sessions provide information on the filing requirements for environmental reports, reporting requirements for blanket certificate projects, new regulations, overview of the Commission's Wetland and Waterbody Construction and Mitigation Procedures, and more. In FY 2012,

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the Commission proposes to conduct four seminars. These well-attended seminars are instrumental in developing the understanding of and successful adherence to the Commission-issued certificates and authorizations. In addition, in FY 2010 Commission staff undertook several non-project specific outreach initiatives. For example, the staff presented Industry Outreach sessions that address the Commission's certificate and environmental review processes to several natural gas companies and federal permitting agencies. The staff also developed a training module in consultation with the International Right-of-Way Association to improve the natural gas industry's conduct with stakeholders. The Commission will continue outreach and educational efforts in FY 2012 whenever the opportunity or need presents itself.

LNG Facilities.

In addition, the Commission is responsible for reviewing applications for the construction and operation of LNG facilities, analyzing the design of proposed LNG plants, reviewing site compliance with federal safety standards, coordinating with the US Coast Guard on waterway suitability assessments for LNG import/export terminals, completing post-authorization final design review, reviewing design change requests, approving compliance with conditions, and conducting construction and operation inspections⁵.

Pre-Filing & Applications.

In FY 2010, the Commission conducted the pre-filing review of one project and reviewed five applications for new or modified import terminals. By FY 2012, the Commission will have fully engaged its enhanced modeling capabilities to assist in the review of LNG applications. The improved modeling capabilities will enable the Commission to better evaluate and resolve complex technical issues related to flammable vapor dispersion exclusion zones (siting requirements) that arise during the project approval process. This will enable the

⁵ Construction and operation inspection activities will be addressed in Objective 2.2.

Commission to make better risk-informed decisions and form a comprehensive response to public concerns.

Seismic Design Issues.

In areas with high seismic potential, and, therefore, significant seismic design requirements, the Commission has imposed a condition requiring the proponents of LNG terminals to retain a three-member Board of Consultants to provide peer review of the final proposed geotechnical and seismic design measures and ensure proper implementation of the seismic design requirements in construction. Commission staff will need consulting engineering support to assist in evaluating the Board's recommendations. Consultants will participate in Board meetings, review design material and advise the Commission on final design approvals. There are currently two approved LNG projects with a requirement for the Board of Consultants.

Electric Transmission Siting.

States have primary siting authority for electric transmission facilities. In limited circumstances the Commission has backstop authority over the siting of electric transmission facilities. The Commission's jurisdiction is applicable when a proposed facility is located in a National Interest Electric Transmission Corridor, as designated by the Secretary of Energy, and also meets certain other statutory criteria.

The Commission will review any transmission siting application submitted to ensure that it: is consistent with the public interest; will be used for transmission in interstate commerce; will significantly reduce transmission congestion and will protect or benefit consumers; is consistent with sound national energy policy and will enhance energy independence; and will maximize the transmission capabilities of existing towers or structures to the extent reasonable and economical. The Commission will further assess the transmission siting applications within the National Interest Electric Transmission Corridors against any objections or alternative arguments from interested parties. The Commission will include in its public interest review an analysis of the impact the proposed facilities (or their absence) will have on the reliability of the bulk-power system.

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PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.1

Percentage of all new transmission projects will incorporate advanced technologies that meet Commission criteria.	
FY 2010 TARGET	5%
FY 2010 RESULT	Target Met. 9%. In FY 2010, the Commission acted on 11 requests for incentives or negotiated rate authority for new transmission. Of those 11 requests, the Commission found one project (9 percent) which included advanced transmission technologies.
FY 2011 TARGET	10%
FY 2012 TARGET	20%

All public utilities will implement open and transparent transmission planning processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources.	
FY 2010 TARGET	Assessment of transmission planning process best practices, including the potential for collaborative decision making, and issue Notice of Proposed Rulemaking, as appropriate (Assessment includes how options to transmission are considered.)
FY 2010 RESULT	Target Met. Upon review of more than 3,000 pages of comments and significant staff-led outreach, staff prepared recommendations for Commission consideration that led to the issuance of a NOPR on June 17, 2010 (Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000).
FY 2011 TARGET	As appropriate, issue Final Rule on transmission planning process best practices
FY 2012 TARGET	Implement Final Rule as appropriate

Percent of jurisdictional natural gas companies examined for feasibility of installing waste heat recovery systems.	
FY 2010 TARGET	20%
FY 2010 RESULT	Target Met. 20%. In FY 2010, Commission staff examined 44 (20 percent) of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems.
FY 2011 TARGET	40%
FY 2012 TARGET	60%

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OBJECTIVE 2.2: SAFETY

Minimize risk to the public.

The Commission is responsible for the safety of LNG and non-federal hydropower facilities throughout the entire life cycle of a project: design review, construction and operation. The dam safety program applies advances in technology to address the technical challenges

presented by the aging national water resources infrastructure to ensure the jurisdictional dams are safe. While carrying out this core safety function, the Commission will employ a strategy to enhance the dam safety program.

Strategy 1: Incorporate risk-informed decision making (RIDM) into the dam safety program

STRATEGY 1

Incorporate risk-informed decision making (RIDM) into the dam safety program

Risk assessment has been used in the safety assessment of many high consequence industries since the 1960s. Risk-informed decision-making is currently used in dam safety decision making by the U.S. Department of Interior, Bureau of Reclamation (Reclamation), the U.S. Army Corps of Engineers (USACE), and dam owners and regulators in Canada, Australia, New Zealand, and the United Kingdom. Reclamation has been a leader in the development of dam safety risk assessment methodologies for over 10 years.

Currently, Reclamation employs RIDM in the process of continuously evaluating the safety of dams under their jurisdiction. Spurred by the effects of Hurricane Katrina, U.S. Army Corps of Engineers, in cooperation with Reclamation and with requested participation from the Commission, developed policies and procedures to guide their use of RIDM.

RIDM has the potential to improve the Commission's dam safety program. It will provide the capability to assess non-traditional

failure modes, levelize risk across different loading conditions, focus inspections and surveillance on the specific potential failure modes and monitoring programs at the project and guide remediation projects to provide an overall reduced level of risk at Commission dams.

In FY 2010, the Commission developed and finalized its RIDM Action Plan. This plan outlines the work efforts required over the next four years to incorporate RIDM into the dam safety program. The major efforts during FY 2012 will be to apply the appropriate oversight resources to the Commission dams which were identified in the Screening Level Portfolio Risk Assessment as having the highest risk; continue to identify and develop the necessary risk assessment guidelines, procedures and policies; and continue the intensive training program for Commission staff, dam owners and consultants in the complex risk assessment technology, methods and tools. During this development period, all current Commission dam safety program components will continue as scheduled.

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CORE FUNCTIONS

Execute additional statutory requirements to advance strategic goals and objectives

Hydropower Facilities.

Dam Safety Program.

Inspections are the backbone of the dam safety program and are an effective tool for detecting and preventing potential catastrophic structural failures. In the event of a dam failure, there can be both loss of life and economic consequences (property damage, environmental impacts and costs associated with loss of use of the resource). Through inspections, the Commission is able to verify that the dams meet current Commission dam safety criteria, identify necessary investigations, remedial modifications or required maintenance, and ensure compliance with license requirements. In FY 2012, the Commission expects to conduct approximately 2,000 inspections.

In addition to conducting inspections, the Commission's dam safety program includes other components to minimize risk to the public. Dam safety engineering guidelines are published to provide guidance to licensee- or consultant-conducted inspections and analyses that includes the procedures and criteria for the engineering evaluation and analysis of hydropower projects. The Commission's surveillance and monitoring

component provides methods to better identify and solve dam safety issues and improves coordination, abilities, and trust among all stakeholders. Another component is the emergency action plans (EAP), which are required for all jurisdictional dams. These plans require the development, maintenance, and periodic testing of project-specific plans, and help ensure coordination and cooperation among the dam owners, state and local emergency management agencies, and the Commission.

The Commission also requires periodic comprehensive inspections and engineering evaluations of our high and significant hazard potential dams by independent consultants every five years. All independent consultant inspection reports are thoroughly reviewed and evaluated by the Commission to determine whether additional studies are required or if remedial measures are necessary. The Commission reviews approximately 225 independent consultant report reviews each year to make certain the structural integrity of the jurisdictional dams is maintained or improved as appropriate. The Commission expects the number of independent consultant inspection report reviews to remain steady through FY 2012.

The Frequency of Dam Inspections as Determined by its Hazard Potential Classification

Hazard Potential Classification	Loss of Human Life	Inspection Schedule
High	Probable; one or more expected	Annually
Significant	None Expected	Annually
Low	None Expected	Every 3 years

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LNG Facilities.

The Commission’s LNG program ensures the safety and reliability of proposed and operating LNG terminals in the United States through a comprehensive review process that includes working very closely with the US Coast Guard, the DOT, the states, and local governments. This program ensures that approved LNG terminals and associated LNG vessel traffic meet safety and environmental requirements during construction and operation. The Commission can also independently impose safety requirements to ensure or enhance operational reliability of the LNG terminals.

Construction & Operational Inspections.

The Commission is responsible for inspecting LNG facilities during construction and subsequently, during their operation, to ensure compliance with the safety and reliability requirements put into place by the Commission. While facilities are under

construction, Commission engineers conduct inspections at least once every eight weeks. In FY 2010, thirty-four construction and pre-operational inspections were conducted for two new terminals and two terminal expansions. The number of construction and pre-operational inspections that may occur in FY 2012 will likely be similar to FY 2010, but will ultimately be determined by market conditions, as well as the number of LNG facilities approved by the Commission in the next 18 months.

Once in operation, jurisdictional peak-shaving plants are inspected once every other year and LNG import or export terminals are inspected once each year. In FY 2010, 16 operational inspections were conducted for seven peak-shaving facilities and nine terminals. By FY 2012, the number of operational inspections will increase to 18 as a result of five new import terminals and one peak-shaving plant commencing service.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.2

Incorporation of risk-informed decision making into the dam safety program.	
FY 2010 TARGET	Develop Action Plan
FY 2010 RESULT	Target Met. In FY 2010, the Commission developed and finalized its RIDM Action Plan which outlines the work efforts required over the next four years to incorporate RIDM into its dam safety program.
FY 2011 TARGET	Portfolio Risk Assessment of FERC Dam Inventory
FY 2012 TARGET	Determine RIDM is consistent with regulatory process

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OBJECTIVE 2.3: RELIABILITY

Maintain the reliability of the electric transmission grid.

The electric transmission grid of the United States is a complex network connecting almost 1,000,000 MW of generating capability to load, through more than 200,000 miles of bulk power transmission lines. The Commission has an important role in overseeing the reliability and security of this grid. For example, the Commission monitors and participates in the development and enforcement of mandatory reliability standards (Reliability Standards) for the bulk power grid in the continental United States. These standards apply to all users, owners and operators of the bulk power grid. The Commission also monitors system disturbances to identify near and long-term issues affecting generation and transmission.

The Commission also communicates and collaborates with international entities such as

Canadian and Mexican regulators; other federal agencies such as the Department of Energy, the Department of Homeland Security, the Department of Defense, the Nuclear Regulatory Commission, the Environmental Protection Agency, and the National Institute of Standards and Technology; state organizations such as the National Association of Regulatory Utility Commissioners; the ERO and Regional Entities; and industry and customer stakeholder groups, among others. The Commission will encourage and implement innovative approaches to system reliability and security that will improve the ability of the grid to withstand and recover from abnormal events and attacks.

To maintain the reliability of the electric transmission grid, the Commission will focus on three strategies.

-
- Strategy 1:** Process Reliability Standards in a timely manner
- Strategy 2:** Monitor, audit, and enforce Reliability Standards
- Strategy 3:** Identify reliability parameters that affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid
-

STRATEGY 1

Process Reliability Standards in a timely manner

The Commission monitors and participates in the development and enforcement of mandatory Reliability Standards for the grid in the United States (excluding Alaska and Hawaii), primarily through regulatory oversight of the ERO and the eight Regional Entities.

The ERO, among other tasks, is responsible for proposing mandatory Reliability Standards for the Commission's review and approval. The ERO must develop these Reliability Standards through an open and inclusive process that involves extensive negotiation, consultation and coordination among many

stakeholders. The eight Regional Entities may also develop and propose regional reliability standards. In addition, the ERO may submit interpretations of approved Reliability Standards for the Commission's review. Commission staff participates in the process to develop reliability standards and interpretations of Reliability Standards. All Reliability Standards and interpretations must be submitted for Commission approval in order to become mandatory and enforceable in the United States. The Commission does not have authority to author or modify standards or interpretations. Rather, if the Commission

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disapproves of a standard or interpretation, it must remand the filing to the ERO for reconsideration. The Commission may direct the ERO to develop and submit a new or modified Reliability Standard on a specific matter.

One illustration of this process involves the ERO's first cyber security, or CIP, Reliability Standards. After these standards were filed for review, the Commission approved them while concurrently directing modifications. As a result of the directives, the ERO has subsequently filed modifications to the approved CIP standards. Further modifications to the approved CIP standards, many of them extensive, are expected to be filed in FYs 2011 and 2012.

When proposed Reliability Standards or interpretations are filed for review, it is important that the Commission analyze them and respond in a timely manner because the standards or interpretations become mandatory and enforceable only after Commission approval. In FY 2012, the Commission is committed to analyzing and processing proposed Reliability Standards in a timely manner by issuing orders for 75 percent

of filed Reliability Standards within 18 months of the filing date. In FY 2010, the Commission exceeded this target; processing 96% of filed Reliability Standards within 18 months. Despite these accomplishments, the Commission will continue to explore ways to improve the efficiency and effectiveness of the reliability standards development and implementation process. The Commission initiated Reliability Technical Conferences in July 2010 and February 2011 to improve communications and expectations, and to prioritize reliability standards development.

Under section 215 of the FPA, as created by EAct 2005, the Commission has jurisdiction over the certified ERO, any Regional Entities, and all users, owners and operators of the bulk-power system in the United States excluding Alaska and Hawaii, including but not limited to the public and governmental entities described in section 201(f) of the FPA.

STRATEGY 2

Monitor, audit, and enforce Reliability Standards

The Commission monitors and participates in the enforcement of the Reliability Standards, primarily through its oversight of the ERO and Regional Entities. One way in which the Commission fulfills these roles is by participating in selected ERO-led or Regional Entity-led compliance audits and investigations of users, owners and operators of the bulk power system. The Commission will also perform several independent compliance audits and conduct independent investigations of significant blackouts, system disturbances, and other reliability incidents.

In FY 2010, the Commission conducted one compliance audit, participated in nine ERO compliance audits, and is currently developing a comprehensive compliance audit schedule for FY 2012. In addition to completing one investigation and continuing four investigations

already in progress during FY 2010, the Commission also initiated three new compliance investigations. As investigations are incident-based, there are none pre-planned for FYs 2011 and 2012, but investigations can be opened if any incidents occur.

For each Reliability Standard, there are specified associated mandatory requirements that must be material to reliability, measurable, support one or more of the stated reliability principles, and consistent with all of the stated reliability and market interface principles.

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The ERO is authorized to impose, after notice and opportunity for a hearing, penalties for violations of the Reliability Standards, subject to Commission review and approval. When the Regional Entities or the ERO identifies a violation of a reliability standard – whether through self-reports of violations, audits, investigations, or complaints – the ERO submits a notice of penalty filing for Commission approval. The notice of penalty filing includes the evidence supporting a finding of a violation of one or more Reliability Standards, a proposed penalty, and a mitigation plan to remedy the violation(s) and prevent recurrence.

The ERO has filed 190 notices of penalty in FY 2010 addressing 1,175 violations of the Reliability Standards for review by the Commission; the notices of penalty presented several violations requiring review.

A new area of reliability activity concerns critical infrastructure protection (CIP) Reliability Standards addressing cyber security for the bulk power grid. In FY 2010, the Commission analyzed and acted upon 20 notice of penalty filings identifying 73 CIP-002 through CIP-009 violations. The Commission has developed special processing procedures for CIP notices of penalty for CIP-002 through CIP-009 violations because they contain critical energy infrastructure information (CEII). These procedures will also facilitate the elimination of the ERO's existing backlog of notices of penalty. In addition to CIP notices of penalty, the Commission participated with ERO teams on 15 CIP audits conducted in FY 2010.

Rigorous audits and investigations of potential violations coupled with appropriate penalties and adequate mitigation plans should lead to a culture of compliance and reduce the frequency of repeat violations of the Reliability Standards. In order to determine the effectiveness of the compliance program, the Commission will track the number and type of violations, particularly violations of Reliability Standards involving high Violation Risk Factors. In addition, as part of its outreach effort in the compliance program, the Commission regularly provides guidance to the industry on both technical and process issues at numerous regional conferences with a goal of facilitating higher levels of compliance. Similarly, the Commission's staff routinely coordinates with the ERO regarding technical and process issues relating to event analyses, investigations and violations triage.

As part of its monitoring and oversight role, the Commission will monitor the ERO's short-term and long-term reliability and adequacy assessments of the bulk-power system; compile reports on the performance of the bulk-power system from information gathered from the ERO, Regional Entities, and other registered entities; and evaluate system events including disturbances and near-misses.

The Violation Risk Factors reflect the relative risk to the bulk-power system associated with a violation of the requirement of a Reliability Standard.

STRATEGY 3

Identify reliability parameters that affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid

Some renewable resources, such as wind and solar, are variable in nature. These renewable resources may require additional reserves to address variations in deliverable energy.

The Commission will identify reliability parameters related to renewable energy resources and the electric transmission grid. In addition, the Commission will perform analysis to assess whether the reliability parameters

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are feasible for the bulk power system. The Commission's strategy includes:

- Developing research and studies to identify reliability constraints including, as necessary, leveraging outside expertise in industry, academia, and the National Laboratories.
- Identifying and evaluating relevant studies performed in the three electrical interconnections in the continental United States; in the regions within those interconnections, including in the footprints of ISOs and RTOs; and internationally.
- Monitoring developments in public and industry groups with respect to renewable energy resources, carbon-based generation and carbon sequestration.
- Tracking equipment changes and developing technologies that have the potential to impact reliability parameters.

PERFORMANCE MEASURES AND ANNUAL TARGETS FOR OBJECTIVE 2.3

Percentage of proposed Reliability Standards on which the Commission will issue a Final Rule within 18 months of filing.	
FY 2010 TARGET	75%
FY 2010 RESULT	Target Met. 96% of filed reliability standards have orders issued within 18 months.
FY 2011 TARGET	75%
FY 2012 TARGET	80%

Reduction in the number of repeat violations by an audited or investigated entity, particularly of Reliability Standards involving high Violation Risk Factors.	
FY 2010 TARGET	Establish tracking process
FY 2010 RESULT	Target Met. The Commission developed in FY 2010 a database to track violations from Notices of Penalty filed by the ERO. As part of this process, the Commission determined the measurable parameters (e.g., what constitutes a repeat violation over a designated time period) to facilitate a determination as to the observed rate of repeat violations of the Reliability Standards.
FY 2011 TARGET	Track violations per entity
FY 2012 TARGET	Track violations per entity

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Track related reliability studies performed in the national and international arena that will provide a basis for establishing and developing reliability parameters.	
FY 2010 TARGET	Establish contacts and develop research, data collection and reporting processes
FY 2010 RESULT	Target Met. In FY 2010, Commission staff established approximately 100 industry contacts across the nation and internationally. The Commission has led and participated in the efforts to conduct technical studies on Frequency Response, Electromagnetic Pulse. The research the Commission staff has done on complex and highly technical studies provide guidance and direction in establishing the parameters to protect and preserve reliability.
FY 2011 TARGET	Track studies and identify or propose reliability parameters. Perform initial analysis to assess if they are feasible for the bulk-power system
FY 2012 TARGET	Track studies and identify or propose reliability parameters. Perform expanded analysis to assess if they are feasible for the bulk power system

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AGENCY ADMINISTRATION AND SUPPORT

Initiatives that support all goals, objectives and other core functions.

Financial Management System Upgrade

The Commission has maintained its own financial management application through the support of a private contractor and hosting provider. Since its initial implementation, the system has consistently conformed to requirements of the Federal Financial Management Improvement Act; moreover, the Commission has effectively leveraged the application to support nine consecutive unqualified opinions expressed on its principal financial statements. In its efforts to continue this successful record and provide for more cost effective operations, the Commission would like to modernize the current application by upgrading the core financial modules, implementing an integrated acquisition tool, and enhancing automation of existing workflows and manual processes. The resulting enhanced workflow capabilities will provide greater transparency and accountability to the Commission's financial management process.

Electronic Tariff (eTariff) Filings

The Commission has revised its regulations to require that all tariffs and tariff revisions and rate change applications for public utilities, natural gas pipelines, oil pipelines and Federal power administrations be filed electronically. This action is part of the Commission's ongoing efforts to comply with the Paperwork Reduction Act of 1995, the Government Paperwork Elimination Act of 1998, and the

E-Government Act of 2002 by developing the capability to file electronically with the Commission via the Internet.

The establishment of an electronic environment for filing tariffs and related materials significantly automated the Commission's tariff management and tariff filing workflow, while also expanding public access to tariff filings. In an electronic environment, the public and Commission staff can quickly retrieve tariff materials in their native file formats and remotely retrieve a tariff that is currently in effect, or was in effect during a specific timeframe.

Enhanced eLibrary System

eLibrary is the Commission's comprehensive records information system which contains electronic versions of documents, microfilm, scanned paper documents, and other native files electronically submitted to the Commission from 1981 to the present. The Commission plans to refresh the system architecture in order to provide a more user friendly and faster electronic search and retrieval functionality.

Electronic Official Personnel Files (OPF)

In FY 2010, the Commission completed scanning and converting all hard copy OPFs to an electronic format. Employees now have the ability to view their own OPFs via a secure network on their workplace computer.

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APPENDIX A

Historical Performance Results FY 2007 – FY 2009

Energy Infrastructure Performance Data⁶

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Resolve Regulatory and Other Challenges to Needed Development		
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2007	Target Met. Reports were issued on January 31 and August 15, 2007.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	Targets Met. <ul style="list-style-type: none"> ▪ 98% of unprotested cases were completed within 159 days of filing. ▪ 100% of protested cases were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 100% of cases of first impression or larger policy implications were completed within 365 days of filing.
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 94% of cases requiring a major environmental assessment or EIS were completed within 480 days of filing.
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants (6 of 6) where construction was occurring were inspected at least every 8 weeks.
Percentage of ILP pre-filing study plan determinations completed	85% within 150 days of applicant's filing of the proposed study plan	Target Met. 90% (9 out of 10) ILP pre-filing study plan determinations were completed within 150 days of applicant's filing of the proposed study plan.
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 100% for regional and issue-based infrastructure conferences ▪ 100% for Commission- and Congressional-directed studies 	Targets Met. <ul style="list-style-type: none"> ▪ 100% of infrastructure studies completed for regional and issue-based conference. ▪ 100% of infrastructure studies completed for Commission- and Congressional-directed studies.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. Of the 18 projects that utilized the pre-filing process, 100% had final NEPA documents within 8 months of filing a complete application.
Timeliness of filings processed containing amendments to non-independent electric transmission provider OATTs	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 126 amendments to non-RTO/ISO OATTs completed within 60-day statutory timeframe.

⁶ This performance data is aligned with the former Strategic Goal: Energy Infrastructure.

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FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of applications processed for incentive rates under section 205 of the FPA	Processed by the statutory deadline for rate filings or the applicants' requested date, whichever is later	Target Met. 100% of the 11 statutory incentive rates cases were processed within statutory timeframes.
Process cost recovery cases within reasonable timeframes (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases addressed by Commission order within statutory deadlines ▪ 95% of certificate cases within 12 months or applicants' requested date, whichever is later ▪ 90% of cases set for hearing within 12 months of briefs opposing exceptions 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 100% of all 3,164 statutory items, including cost recovery cases, were completed within statutory due dates. ▪ In certificate work, 97%, or 60 of 62 cases requiring rate inserts, were completed timely. Even in the cases that were unavoidably delayed—one due to Coast Guard involvement in approving LNG facility, and the other subject to environmental issues because the company did not use the NEPA pre-filing process—the rate analyses were provided to the lead Office within the required time period. ▪ 100% issued within 12 months.
Establish price volatility baseline	By September 30, 2007	<p>Not Applicable. The Commission proposed to establish a price volatility baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff reviewed available price data and concluded that a price volatility baseline was not feasible. Because of the lack of available data, this performance measure has been discontinued.</p> <p>Program performance was not negatively impacted as a result of not establishing a price volatility baseline.</p>
Establish out-of-merit dispatch baseline	By September 30, 2007	<p>Not Applicable. The Commission proposed to establish an out-of-merit dispatch baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff contacted transmission operators and found that their data is inconsistent across transmission systems and does not allow for meaningful analyses to establish this baseline. Because of the lack of consistent data, this performance measure has been discontinued.</p> <p>Program performance was not negatively impacted as a result of not establishing an out-of-merit dispatch baseline.</p>

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FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Assure Reliability of Interstate Transmission Grid		
Percentage of proposed reliability standards reviewed	100%	<p>Target Met. Docket No. RM06-16-000; Final Rule, Order No. 693, "Mandatory Reliability Standards for the Bulk-Power System," issued March 16, 2007, in which the Commission approved 83 of 107 proposed Reliability Standards, and directed significant improvements to 56 of those standards. The Commission also required submission of further information in order to evaluate the adequacy of the remaining 24 standards.</p> <p>The initial 83 standards became mandatory and enforceable on June 18, 2007.</p> <p>In addition, the Commission approved 8 regional standards in Docket No. RM07-11-000; "Order Approving Regional Reliability Standards for the Western Interconnection and Directing Modifications," issued June 8, 2007.</p>
Develop procedures to review the performance of the ERO	Complete by March 31, 2007	<p>Target Met. Procedures were outlined in Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the ERO; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.</p>
Percentage of NERC / industry reliability readiness reviews of Reliability Coordinators in which FERC participates	100%	<p>Target Met. FERC participated in all 4 of NERC's Reliability Coordinator reviews.</p>
Percentage of load served, included in NERC / industry reliability readiness reviews, in which FERC participates	50%	<p>Target Met. FERC participated in 22 readiness reviews of large entities which represent just over 80% (332,244 MW) of the load served by all entities reviewed by NERC (414,101 MW).</p>
Percentage of ERO penalty action rulings reviewed to prevent inappropriate rulings from going into effect by default	100%	<p>No activity, as the standards only became mandatory on June 18, 2007, and no ERO proposed penalties were filed in FY 2007.</p>
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	<p>Target Met. 100% of all high and significant hazard-potential dams were inspected annually.</p>
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	<p>Target Met. 100% of all high- and significant-hazard potential dams meet current structural standards or are undergoing investigation or remediation.</p>
Percentage inspected annually: <ul style="list-style-type: none"> ▪ LNG import terminals ▪ LNG peak-shaving facilities 	<ul style="list-style-type: none"> ▪ 100% ▪ 50% 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ All 5 of the operating LNG import terminals were inspected. ▪ 6 of the 12 peak-shaving facilities were inspected.

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FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of LNG facilities met all current safety standards or were subject to a compliance letter.
Percentage of EIS documents that contain sections addressing safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities	100%	Target Met. 100% of EIS documents contain sections relating to safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities.
Control access to CEII	No instances of improper access or improper denial affecting national security or Commission proceedings	Target met. No instances.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Percentage of LNG facility authorizations that incorporate consultation with all appropriate agencies on security related matters	100%	Target Met. 100% of LNG facility authorizations incorporate consultation with all appropriate agencies on security related matters.

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final NEPA documents issued for ALP/TLP cases: <ul style="list-style-type: none"> ▪ with settlement agreements ▪ without settlement agreements 	<ul style="list-style-type: none"> ▪ 85% within 12 months ▪ 85% within 24 months 	Targets Met. <ul style="list-style-type: none"> ▪ 100% of final NEPA documents (5 of 5) were issued <u>within 12 months</u> for ALP/TLP cases with settlement agreements. ▪ 100% of final NEPA documents (16 of 16) were issued <u>within 24 months</u> for ALP/TLP cases without settlement agreements.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were sent out within 45 business days of license issuance date.
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	Target Met. Of the 30 pipeline projects under active construction in FY 2007, 100% were inspected at least once every four weeks.

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FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met. 100% (125 out of 125) amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe.
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2008	Target Met. Reports were issued February 19 and August 29, 2008.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unopposed cases within 159 days of filing ▪ 90% of opposed cases within 304 days of filing 	<ul style="list-style-type: none"> ▪ Target Met. 94% of unopposed pipeline certificate cases with no precedential issues were completed within 159 days of filing. ▪ Target Met. 100% of opposed pipeline certificate cases with no precedential issues were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 97% of pipeline certificate cases of first impression or containing larger policy implications were completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Not Met. 75% (6 of 8) of pipeline certificate cases requiring a major environmental assessment or environmental impact state were completed within 480 days of filing. Bradwood Landing Project (CP08-365-000, et al, issued September 18, 2008) required additional time due to an unusually large number of environmental issues which resulted in processing delays beyond FERC's control. This project was the first new LNG import terminal and related sendout pipeline to serve the Pacific Northwest. Broadwater Energy Project (CP06-54 issued March 20, 2008) also required additional time due to novel environmental issues which resulted in processing delays beyond FERC's control. This project was the first floating terminal for the storage and delivery of LNG in the United States. There were no adverse impacts as a result of these two delays.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 87% of NEPA documents were completed within 8 months of determining a pipeline or LNG facility application was complete for projects utilizing the pre-filing process.
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction.

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FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of ILP pre-filing study plans determinations were completed within 30 days of the applicant filing a revised study plan.
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies 	<ul style="list-style-type: none"> ▪ Target Met. 100% of regional and issue-based infrastructure studies were completed for regional and issue-based infrastructure conferences. ▪ Target Met. 100% of infrastructure conferences were completed for Commission- and Congressional-directed studies.

Encourage Investment and Effect Timely Cost Recovery		
Timeliness of processing complete applications for incentive rates	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later. 	<ul style="list-style-type: none"> ▪ Target Met. 100% (16 out of 16) statutory incentive rate cases were processed within the statutory timeframes. ▪ Target Met. 100% filed within 180 days.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions 	<ul style="list-style-type: none"> ▪ Target Met. 100% (3,498 out of 3,499) statutory items, including cost recovery cases, were processed within statutory deadlines; only one filing missed its deadline by three business days ▪ Target Met. 96% (55 out of 57) of rate inserts were processed within the appropriate timeframe. ▪ Target Met. 100% filed within 12 months of briefs opposing exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target Met. All EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target Met. 100% of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target Met. 100% of financial accounting filings were completed within 60 days of filing date.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target Met. 99% of reporting requirement filings were completed within 60 days.

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2007	Target Met. Order was issued on October 18, 2007.

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FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target Met. 100% of Reliability Standards were remanded or approved within 18 months of filing. 100% of Cyber Security Standards were approved within 18 months of being filed.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	N/A. The ERO's submission is not due until July 2009. The Commission will review the performance of the ERO within 12 months of their submission.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	Target Met. Participated in 100% of ERO/industry reliability readiness evaluations of Reliability Coordinators (i.e., California-Mexico, Rocky Mountain-Desert Southwest, SPP, and ERCOT Reliability Coordinators).
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 11 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target Met. 100% (37 out of 37) penalty action rulings were reviewed to prevent inappropriate rulings from going into effect. They were accepted by operation of law, <i>Guidance on Filing Notices of Penalty</i> , 124 FERC ¶ 61,015 (July 3, 2008)

Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of high- and significant-hazard-potential dams met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of peak shaving plants were inspected according to the biennial schedule.

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FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of the LNG facilities either met all current safety standards or received a compliance letter.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Control access to CEII	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.

Incorporate Environmental Considerations into Commission Decisions		
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 60 days of license issue date.
Percentage of final NEPA documents issued for ALP/TLP cases: <ul style="list-style-type: none"> ▪ with settlement agreements ▪ without settlement agreements 	<ul style="list-style-type: none"> ▪ 75% within 12 months of settlement filing date ▪ 75% within 24 months of REA date 	<ul style="list-style-type: none"> ▪ Target Met. 100% of final NEPA documents were issued for ALP/TLP cases with settlement agreements within 12 months of the settlement filing date ▪ Target Met. 100% of final NEPA of final NEPA documents were issued for ALP/TLP cases without settlement agreements within 24 months of the REA date
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 98% of qualifying, major, onshore-pipeline projects were inspected at least once every four weeks during ongoing construction activity.

FY 2009		
Strategy		
Performance Measurement	Performance Target	Results

Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 62 amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2009	Target Met. Reports issued in February and August 2009.
Percentage of pipeline certificate cases with no precedential issues completed	<ul style="list-style-type: none"> ▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing 	<ul style="list-style-type: none"> ▪ Target Met. 96.8% of unprotested cases completed within 159 days of filing ▪ Target Met. 100% of protested cases completed within 304 days of filing

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FY 2009		
Strategy		
Performance Measurement	Performance Target	Results
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 94.7% of first impression cases completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 100% of major cases completed within 480 days of filing
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 100% of NEPA documents completed for projects utilizing the pre-filing process within 8 months of determining an application was complete
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction activity
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of determinations were completed within 30 days of applicant filing revised study plan for Commission approval
Percentage of infrastructure studies completed	<ul style="list-style-type: none"> ▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies 	<ul style="list-style-type: none"> ▪ Target Met. 100% studies completed for regional and issue-based infrastructure conferences ▪ Target Met. 100% studies completed for Commission- and Congressional-directed studies
Percentage of electric transmission siting cases completed	90% within 365 days of filing	n/a. One electric transmission case entered the pre-filing stage, but it was withdrawn.
Timeliness of processing complete applications for incentive rates	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later. 	<ul style="list-style-type: none"> ▪ Target Met - 100% of the 15 statutory incentive rate cases were processed within the statutory timeframes ▪ Target met; 100% (6 of 6) of declaratory orders related to incentive rates were filed within target dates.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	<ul style="list-style-type: none"> ▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions 	<ul style="list-style-type: none"> ▪ Target Met - 100% of the 3,808 statutory items, including cost recovery cases, were processed within the statutory deadlines ▪ Target Met. Provided timely rate inserts for 94% (47 out of 50) of the cases that were targeted for completion by the lead office during the fiscal year ▪ Target not met; 50% (2 of 4) filed within 12 months of Briefs Opposing Exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target met. 100 percent of EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target met. 100 percent of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target met. 97 percent of financial accounting filings were completed on time.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target met. 100 percent of reporting requirement filings were completed within 60 days.

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FY 2009		
Strategy		
Performance Measurement	Performance Target	Results

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2008	Target met. The draft order approving the 2009 ERO/RE budgets and business plans was issued in Docket No. RR08-6-000 on October 16, 2008.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target met. 100% of filed reliability standards have orders issued within 18 months.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	n/a. ERO performance assessment filing was made on July 20, 2009 in Docket No. RR09-7-000, with a targeted completion date of December 2009.
Number of ERO Regional Entity compliance audits in which FERC participates	At least one in each of the eight regions	Target met. Participated on 8 Regional Entity audits, one in each region, by June 25, 2009.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	N/A. The ERO/industry reliability readiness evaluations of Reliability Coordinators were discontinued in FY2009.
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 2 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target met. In FY 2009, 35 Notices of Penalty covering 83 violations were filed. All 35 were reviewed for appropriateness of the finding of violation and penalty and accepted by operation of law, with a public notice of each acceptance issued within the required period for Commission action.
Assess Notices of Alleged Violation and Sanction received from the ERO	Review 60% of Notices of Alleged Violation and Sanction received from ERO within two weeks of receipt for appropriateness of sanction	Target met. In FY2009, 149 Notices of Alleged Violations and Sanctions covering 579 alleged violations were submitted through the portals. Each was reported on and recorded routinely by way of (1) The Overview of Reliability Orders, Matters and Deadlines Chart, and (2) The Pending Case Report prepared by the Division of Investigations.
Timeliness of reporting to the Commission on ERO and Regional Entity audits	Within 120 days of the Commencement Letter	Target met. 100 percent (3/3) of Regional Entity audits reported to the Commission within 120 days.
Percentage of ERO and Regional Entity audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (20/20) of Regional Entity audit recommendations implemented in 6 months.

FY 2012 Congressional Performance Budget Request

Energy Infrastructure Performance Data⁷

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Employ Best Practices In Market Rules		
Timeliness of review of proposed market rules	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 358 filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates.
Percentage of proposed NAESB business practice standards rulemakings completed	<ul style="list-style-type: none"> ▪ 100% of unopposed rulemakings within 9 months ▪ 100% of all rulemakings within 12 months 	<p>Targets Met. The Commission issued two NAESB business practice standards rulemakings during the fiscal year, both completed within 9 months of issuance of the notice of proposed rulemaking, as follows:</p> <p>Docket No. RM05-5-003; NOPR issued February 20, 2007; Final Rule, Order No. 676-B, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 19, 2007; and</p> <p>Docket Nos. RM96-1-027 and RM05-5-001; NOPR issued October 25, 2006; Final Rule, Order 698, "Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities," issued June 25, 2007.</p>
Timeliness of applications processed on requests to encourage demand response in organized markets	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 15 filings were acted on within 60-day statutory due dates.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of review of filings to reduce or eliminate seams between organized markets	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 10 filings dealing with seams issues were completed by statutory due dates. In addition, two major orders were issued related to the California ISO's Market Redesign Technology Update (MRTU) addressing seams issues between CAISO and neighboring systems in the Western Interconnect. A technical conference was held on December 15, 2006, in Phoenix, Arizona, to address these western seams issues; and on March 29, 2007, a second conference was held in Washington, DC, to address eastern seams issues.

⁷ This performance data is aligned with the former Strategic Goal: Competitive Markets.

FY 2012 Congressional Performance Budget Request

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Assure Proposed Mergers and Acquisition Are in the Public Interest		
Percentage of merger authorizations upheld by the courts	90%	Target met. 100% of merger authorizations have been upheld by the courts.
Percentage of merged applicants reporting on compliance with merger conditions imposed by the Commission	100%	<p>Target Met. 100% of the 9 merger applicants reported on compliance, <i>if or as</i> applicable, with the four types of conditions—summary, notice of consummation, proposed accounting entries, and additional conditions—imposed by the Commission.</p> <p>It should be noted that most of the “additional” conditions only require compliance in the event that the merger applicants subsequently take some specific action. For example, in 5 of the 9 mergers, the Commission imposed a “hold-harmless” condition, requiring that if the applicants seek to recover merger-related costs through jurisdictional rates, they must show offsetting merger-related cost savings. As of yet, none of the applicants have sought to recover any merger-related costs, so they haven’t needed to make a compliance filing.</p>
Timeliness of processing applications for the disposition, consolidation, or acquisition under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	<ul style="list-style-type: none"> ▪ Within 180 days for non-major mergers ▪ Within 360 days for major mergers 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 100% of the 100 non-major dispositions were completed within 180 days. ▪ 100% of the 9 major merger cases were completed within 360 days.
Address Market Power in Jurisdictional Wholesale Markets		
Revise open access transmission tariff	Issue final rule by June 30, 2007	Target Met. Docket Nos. RM05-17-000 and RM05-25-000; Final Rule, Order 890, "Preventing Undue Discrimination and Preference in Transmission Service," issued February 16, 2007.
Timeliness of processing initial market-based rate filings	Within 60 days of filing date or by applicant’s requested date, whichever is later	Target Met. 100% of the 167 initial market-based rate applications were completed by the established target date.

FY 2012 Congressional Performance Budget Request

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Develop generation market power screens for electric market based rates	Issue final rule by June 30, 2007	Target Met. Docket No. RM04-7-000; Final Rule, Order 697, "Market-Based Rates for Wholesale Sales Of Electric Energy, Capacity And Ancillary Services By Public Utilities," issued June 21, 2007.
Act timely on complaints	80% within 60 days or, for fast-track cases only, within the designated timeframe	Target not met; 78%. 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.

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	<ul style="list-style-type: none"> ▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later 	<ul style="list-style-type: none"> ▪ Target Met. 83% (40 of 48) filed within 60 days of the date of the answer. ▪ Target met. 98% (47 of 48) filed within 180 days of the date of the answer.
Timeliness of review of proposed RTO/ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met. 100% (410 out of 410) filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates
Percentage of proposed NAESB business practice standards rulemakings completed	100% of all proposed rulemakings within 12 months of receipt of comments	Target Met. The Commission issued one NAESB business practice standards rulemaking. Docket No. RM05-5-005, NOPR issued April 21, 2008; Final Rule, Order No. 676-C, "Standards for Business Practices and Communication Protocols for Public Utilities," issued July 21, 2008 (three months later)
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines, or by the applicant's requested date, whichever is later	Target Met. 100% (10 out of 10) filings were acted on by statutory due dates.
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met. Participated in and/or facilitated 34 sessions in first quarter, 36 sessions in second quarter, 33 sessions in third quarter, and 28 sessions in fourth quarter.

FY 2012 Congressional Performance Budget Request

FY 2008		
Strategy		
Performance Measurement	Performance Target	Results
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met. 100% (6 out of 6) filings dealing with border utility issues between markets were completed by statutory due dates.
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met. 100% (142 out of 142) of non-major dispositions were completed by the statutory deadlines Target Met. 100% (7 out of 7) of major merger cases were completed by the statutory deadline.
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met. 100% (156 out of 156) of initial market-based rate applications were completed by the established target date.

FY 2009		
Performance Measure	Performance Target	Results

Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	<ul style="list-style-type: none"> ▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later 	<ul style="list-style-type: none"> ▪ Target met; 78% (28 of 36) filed within 60 days. ▪ Target met; 97% (35 of 36) filed within the 180 days.
Timeliness of review of proposed RTO/ ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met - 100% of the 221 filings from PJM, ISO New England, New York ISO, Southwest Power Pool, Midwest ISO, and California ISO were acted on by the statutory due dates
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines or by the applicant's requested date, whichever is later	Target Met - 100% of the 15 filings to encourage demand response were acted on by the statutory deadlines
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met - Participated in and/or facilitated 23 sessions in the first quarter, 24 sessions in the second quarter, 17 sessions in the third quarter, and 11 sessions in the fourth quarter of the fiscal year

FY 2012 Congressional Performance Budget Request

FY 2009		
Performance Measure	Performance Target	Results
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 8 filings dealing with border utility issues between markets were completed by the statutory due dates
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met - 100% of the 95 non-major dispositions and the 1 major merger case were completed by the established deadlines
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met - 100% of the 189 initial market-based rate applications were completed by the established target date
Revise and clarify Standards of Conduct	Issue Final Rule by December 31, 2008	Target met. Order No. 717 revising Standards of Conduct for Transmission Providers issued October 16, 2008, and became effective November 26, 2008.

FY 2012 Congressional Performance Budget Request

Enforcement Performance Data⁸

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Identify and Remedy Problems with Structure and Operations In Energy Markets		
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. 100% verification within 10 business days.
Evaluate and improve the usefulness of EQR data	<ul style="list-style-type: none"> ▪ Issue a data dictionary for all undefined fields with restricted entries ▪ Review the current EQR data structure and develop written recommendations for improvements 	Targets met. Issued Final Order in Docket No. RM01-8-006 on September 24, 2007 which defined all EQR fields and improved EQR data structure.
Number of RTO and ISO MMU performance metrics	Increase over FY 2006	Target met. One new RTO and ISO MMU performance metric was developed in FY2007 (increasing the number of performance metrics from 11 in FY 2006 to 12 in FY 2007).
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. 100% acted on within 30 days.
Percentage of organized markets reviewed and market structure and operations problems or deficiencies identified	100% reviewed and reports completed identifying market problems or deficiencies, if any, and recommended solutions	Target met. 100% of organized markets reviewed in daily oversight meetings, including all RTO/ISO markets, NYMEX, ICE and other relevant markets. Results of continuing review communicated to Commissioners via Weekly Reports and to the public via the Market Oversight website and the State of the Markets Report. Seven major structure and operations problems were identified.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Timeliness of actions on problems or discrepancies identified in reviews of organized markets	With 6 months of completed report	Target met. Addressed all seven identified issues within six months of identification. Issues included: prices over \$400 in West, lack of transparency for intrastate pipelines, lack of transparency for natural gas sales and purchases, need to clarify role of MMUs in RTOs, PJM/MISO transmission issues, CenterPoint data reporting, and Rockies Gas Prices.
Publish annual assessment of infrastructure and market conditions for each region	Complete by June 30, 2007	Target met. The State of the Markets Report was completed in February 2007 and detailed market and infrastructure issues for the country as a whole. In addition the Seasonal Assessment was published for electric power on May 17, 2007, specifically addressing summer 2007 and the new Market Oversight website provides updates and detailed information for each region on a monthly basis.

⁸ This performance data is aligned with the former Strategic Goal: Enforcement.

FY 2012 Congressional Performance Budget Request

Establish Clear and Fair Processes		
Improve Forensic Audits and Investigations IT tools	Implement capability to search e-mails and voice recordings by June 30, 2007	Target met. The capability to search voice recordings was implemented beginning in September 2006 and the capability to search e-mails was implemented beginning in August 2006.
Improve Forensic Audits and Investigations capabilities	90% of enforcement and compliance staff participate in forensics training and interviewing skills by June 30, 2007	Target met. 95% of enforcement and compliance staff received training on forensic interviewing and auditing. Classes were held in August 2005 and May 2006.
Timeliness of reporting to the Commission on operational audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of operational audits (24 out of 24 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of operational audit recommendations issued and implemented	90%	Target met. 100% of operational audit recommendations issued were implemented within 6 months.
Timeliness of reporting to the Commission on financial audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of financial audits (43 out of 43 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of financial audit recommendations issued and implemented	90%	Target met. 100% of financial audit recommendations issued were implemented within 6 months.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Conduct Investigations Promptly and Impose Penalties Where Appropriate		
Percentage of enforcement investigations completed	75% within one year of initiation	Target met. 94.8% of investigations were closed within a year of being initiated.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. 75% of Hotline calls were resolved within 2 weeks of initial contact.
Encourage Self-Policing and –Reporting of Violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 95% of regulated entities included in the annual audit plan were audited (74 out of 78).
Timeliness of responses to regulated entities seeking guidance and clarification on compliance issues	Within 60 days	Target met. Responded to 100% of regulated entities seeking guidance and clarification on compliance issues within 60 days.
Timeliness of completing recommendations on compliance issues raised by regulated entities	Within 180 days, where Commission action is required	Target met. 100% of recommendations to the Commission (where Commission action was required) were completed within 180 days of completing an investigation originated by a self report.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. The Pending Case Report is issued at the end of each month and reports on compliance issues (i.e., self reports) raised by regulated entities.

FY 2012 Congressional Performance Budget Request

FY 2008		
Strategy		
Performance Measure	Target	Results
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. 45 Weekly Market Reviews (WMR) were produced. In 2 other instances, market conditions were summarized at the Commission's monthly meeting. In addition to the 45 WMRs published, 13 special reports providing in-depth analysis of emerging market issues were also published.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. Actions on all significant issues were completed within 6 months.
Complete transition of consolidated reporting to a web strategy	Complete by June 30, 2008	Target Met. The transition of this web strategy was completed in March 2008 when the State of the Markets report was published to the Oversight page (http://www.ferc.gov/market-oversight/market-oversight.asp) on the external FERC website.

FY 2008		
Strategy		
Performance Measure	Target	Results
Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. The Commission was provided with a written memo and recommendations for each of the six settlements approved in FY 2008.
Develop and provide further guidance to the industry on FERC's expanded penalty authority	By September 30, 2008	Target met. The revised Policy Statement on Enforcement was issued on May 15, 2008.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target Met. 100% (30 out of 30)
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target Met. 99% (94 out of 95)
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target Met. 100% (37 out of 37)
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target Met. 100% (23 out of 23)
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target Met. 100% acted on within 30 days.
Percentage of enforcement investigations not including market manipulation issues completed	75% within one year of initiation	Target Met. 89% completed within one year of initiation.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target Met. 100% completed within two years of initiation.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target Met. 78% resolved within 2 weeks of initial contact.

FY 2012 Congressional Performance Budget Request

Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target Met. 97% (77 out of 79).
Process complete requests for “No Action”	Within 60 days of receipt of final request	Target Met. All five requested no-action letters were all completed in less than 60 days.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target Met. Monthly pending case reports were issued for self-reports of compliance issues.

FY 2009		
Performance Measure	Performance Target	Results

Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. The Division of Energy Market Oversight (DEMO) produced a Weekly Market Review (WMR) in 48 weeks during FY 2008. The weeks during which we did not publish a WMR occurred during holiday periods. These WMRs included 24 special reports that provided in depth analysis of emerging market issues.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. The Division of Energy Market Oversight completed all items within 6 months.

Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. Submitted recommendations for civil penalties to be assessed on 16 subjects. Each recommendation included discussion of facts, analysis of applicable Policy Statement factors, and comparison to actions taken in similar cases.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target met. 100 percent (19/19) of operational audits reported to the Commission within 120 days.
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target met. 99 percent (75/76) of operational audit recommendations implemented in 6 months.
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target met. 100 percent (9/9) of financial audits reported to the Commission within 120 days.
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (36/36) of financial audit recommendations implemented in 6 months.

FY 2012 Congressional Performance Budget Request

FY 2009		
Performance Measure	Performance Target	Results

Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. Four MMU referrals were received and all were acted on within 30 days.
Percentage of enforcement investigations not involving market manipulation issues completed	75% within one year of initiation	Target not met. 41% of non-manipulation investigations completed in FY 2009 (9 of 22) were completed within one year. This target was missed due to circumstances surrounding two major market manipulation cases in which management was required to shift staff resources from non-market manipulation cases to these two high-profile market manipulation cases. This did not have a negative impact on the performance of the enforcement program. To the contrary, the successful outcome of these market manipulation cases demonstrates the strength of the Commission's enforcement program. The Commission has consistently met this target in previous years.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target met. All market manipulation investigations completed in FY2009 were completed within two years.

Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 100 percent of regulated entities included in annual audit plan audited to ensure internal compliance programs and processes are in place.
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target not met. Three out of four No-Action letters were issued in fewer than 60 days; the fourth was issued in 69 days. This did not have a negative impact on the program.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. Compliance issues raised by regulated entities are reported monthly as part of the DOI Pending Case Report.

FY 2012 Congressional Performance Budget Request

Supporting Initiatives Performance Data⁹

FY 2007		
Performance Measurement	Performance Target	Data Source
Develop and implement a competency-based requirements framework	Complete by January 31, 2007	Target Met. Framework developed in January, 2007. Implementation ongoing with mainstream occupations.
Percentage of women and/or minorities among all positions	Increase over FY 2006	Target Met. FY 2007 percentage for women was 52.9%. Increased percentage over FY06 by 8% (FY 2006 - 44.5%). FY 2007 percentage for minority women was 20.6%. Increased percentage over FY06 by 1.1% (FY 2006 - 19.5%).
Improve retention ratio of entry-level new hires	Increase FY 2006 ratio by 10%	Target Met. Retention ratio for FY 2007 hires was 100% (FY 2006 percentage was 95%).
Implement workforce planning tools	Complete by September 30, 2007	Target Met. Implemented Hiring Gap Spreadsheet and Personnel Status Report. Continue to prepare and publish the Human Capital Plan.
Timeliness of submitting Fair Act Inventory to OMB per Circular A-76 requirements	Complete by June 30, 2007	Target Met. FY 2007 FAIR Act was submitted to OMB 6/30/07.
Customers are satisfied with the use of eGovernment initiatives to interact with FERC	90%	Target Met. The customer satisfaction level for FERC eGov Services exceeds 96% based on data collected from the external users surveys.

⁹ This performance data is aligned with the former Strategic Plan's Supporting Initiatives section.

FY 2012 Congressional Performance Budget Request

FY 2007		
Performance Measurement	Performance Target	Data Source
Federal FTE time is mapped through systems to workload and strategic goals and objectives	Fully implemented by September 30, 2007	Target Not met. With the deployment of ATMS Phase 2 in February FY07 the following offices are fully able to map workload to strategic goals and objectives using an enterprise-wide system: OAL, OED, OGC, and OEMR (now OEMR and OER). For the following offices, some divisions are able to map workload to strategic goals and objectives using an enterprise-wide system while other divisions can map workload to strategic goals and objectives but must continue to use legacy, departmental, and/or cuff systems: OEA, OALJ, OE, OEP. Mapping of workload in terms of FTE time requires both a revision of budget reporting codes and development of a report that correlates information in the enterprise-wide workload tracking system with information in the FERC HR system. The complete implementation of all ATMS phases will take longer than planned due to contract staffing reductions from funding shortages under a yearlong FY 2007 continuing resolution and because the effort was underestimated. A detailed plan for ATMS Phase 3 is currently under review and the target may not be fully met in FY 2008.
Align Commission costs to strategic objectives	Complete by September 2007	Target Met. The FY2009 Budget Request has been structured to map both FTEs and the Commissions costs to strategic objectives and was completed on September 10, 2007.
Percentage of vendor payments made by established due dates	99%	Target Not Met. During FY07, the Commission processed 97.1% (1897 out of 1953) of payments in compliance with Prompt Payment Act deadlines. 37 of the 56 late payments did not result in interest begin paid to the vendor. The failure to meet this target did not have an adverse affect on overall program performance.

FY 2012 Congressional Performance Budget Request

FY 2007		
Performance Measurement	Performance Target	Data Source
Percentage of payments made without error	100%	Target Not Met. During FY 2007, the Commission made 99.7% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable that offset the Commission's appropriation	95% collected by due dates	Target met. During FY 2007, the Commission collected 99.5% of its offsetting accounts receivable by their stated due date.
Financial statements that present fairly, in all material aspects, the Commission's financial position	Unqualified audit opinion on FY 2006 financial statements	Target Met. Unqualified opinion received November, 2006
Percentage of transactional case assessments or convening sessions concluded	75% within 20 days	Target Met. DRS completed 100% (41 out of 41) transactional case assessments or convening sessions within 20 days after being referred to the DRS.
Percentage of transactional ADR processes agreed to by parties concluded	75% within 120 days total (convening and process)	Target Met. DRS completed 34 transactional processes or cases, both environmental and non-environmental in which parties agreed to pursue an ADR process. Of these, 31 were completed within 120 days after being referred to the DRS (91%).
Number of ADR requests and referrals to the DRS	Increase number over FY 2004 (base year)	Target Met. DRS addressed a total of 79 new requests or ongoing cases from a previous fiscal year involving gas, electric, hydropower, and pipelines. This represents a 46.3% increase over FY2004, in which there were 54 new requests or ongoing cases.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. The DRS requests customer feedback through evaluations of casework processes, and training sessions. For casework concluded in FY2007, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%. In training sessions during FY 2007, participant ranking for Course Content averaged 90%, Course Materials averaged 88%, and Instructor Effectiveness averaged 94%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004 (base year)	Target Met. There were 65 active outreach projects in FY2007. This represents a 1.6 % increase over 2004 in which there were 64 projects. Note: The projects were both internal and external to FERC.

FY 2012 Congressional Performance Budget Request

FY 2007		
Performance Measurement	Performance Target	Data Source
<p>Ensure timely and effective communication to all stakeholders</p>	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions on the same day as the underlining action ▪ Post 95% of important agency actions on the same day as the underlining action ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ In FY 2007, 80 out of 80 or 100% of press releases were issued within 1 hour of action being taken. ▪ In FY 2007, 3816 of 3820 or 99% of important agency actions were posted on the Commission's internet website within 1 hour of issuance ▪ In FY 2007, the office provided an initial and complete response to 2272 of 2791 or 81% of public inquiries at the time of receipt. ▪ In FY 2007, the Commission developed the following webpages in the assigned timeframe: Market Oversight, Electric Competition, OATT Reform, Blanket Certificates, Transmission Investment, Pipeline, Hydrokinetic Energy, MOU, Policy Statement, Hydro licensing, Annual Charges, Career, Media form, and FOIA form.
<p>Enhance communication with National and International groups</p>	<ul style="list-style-type: none"> ▪ Respond to 50% of Official Congressional correspondence within 10 business days ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlining action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress ▪ Provide email notification of significant Commission actions to effected State regulatory agencies within 1 to 2 business days of the underlining action ▪ Accommodate visitation requests from delegations from various countries and organizations 	<p>Targets Met.</p> <ul style="list-style-type: none"> ▪ 130 out of 205 pieces of official Congressional correspondence, or 63%, were responded to within 10 business days. ▪ In FY 2007, email notifications to members of Congress were sent out on 340 significant Commission actions within 1 to 2 business days of the underlining action. Briefing offers were made on appropriate items. ▪ In FY 2007, the Commission provided 38 briefings to members of Congress. ▪ In FY 2007, 178 email notifications to State regulatory agencies were sent out on significant Commission actions within 1 to 2 business days of the underlining action. ▪ In FY 2007, OEA hosted 71 visits from 75 countries and organizations.

FY 2012 Congressional Performance Budget Request

FY 2008		
Performance Measure	Performance Target	Results
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target Met. The DRS addressed 57 new ADR requests and referrals; 3 more than FY 2004.
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target Met. The DRS had a 90% (18 out of 20) success rate in assisting parties achieve consensual resolution of cases.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. In trainings and workshops during the period, participant ranking for Course Content averaged 89% and Instructor Effectiveness 93%. For casework, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target Not Met. The DRS delivered or assisted with 37 outreach events, equal to the number in FY 2004. The DRS met all of the outreach needs and there were no negative program impacts.
Of ADR processes concluded, percentage that resulted in savings of time and/or money over traditional processes	75%	Target Met. 100% of participants who completed a survey indicated that the use of ADR resulted in savings of time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 91%
Ensure timely and effective communication to all stakeholders	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<ul style="list-style-type: none"> ▪ Target Met. 95% (71 out of 75) press releases were issued within 1 hour of action being taken. ▪ Target Met. 100% (4,004 out of 4,005) important and time-sensitive actions were posted within 1 hour of action being taken by the Commission. ▪ Target Met. 74% (3,833 out of 5,149) of inquiries were provided a complete response at the time of the receipt of the request. ▪ Target met. 19 new web pages and/or sections on FERC.gov were developed within the assigned timeframe.

FY 2012 Congressional Performance Budget Request

FY 2008		
Performance Measure	Performance Target	Results
Enhance communication with National and International groups	<ul style="list-style-type: none"> ▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meeting requests within 3 business days of rendering a decision 	<ul style="list-style-type: none"> ▪ Target Met. 100% (61 out of 61) briefings were held and (318 out of 318) congressional inquiries were responded to within 10 business days of the request. ▪ Target Met. Email notifications concerning 292 significant Commission actions were sent within 1 to 2 business days of the underlying action. ▪ Target Met. 61 timely and effective briefings with members of Congress were held. Briefings on the top priority issues of cyber security; market manipulation; and transmission line siting were held within appropriate time frames. State officials were also briefed on these issues. ▪ Target Met. Staff provided 19 notifications of outreach efforts within 3 business days, and within at least 30 days' notice of public meetings for two additional outreach items. ▪ Target Met. 82% (40 out of 47) of requests were responded to within 3 business days.
Maintain an effective recruiting program	<ul style="list-style-type: none"> ▪ Recruit at least 3 students each from at least 4 target universities ▪ Increase new hires from recruiting program by 10 over FY 2007 ▪ Hire 20% of interns into permanent positions 	<p>Target Met. A total of 19 students were recruited from 4 target universities.</p> <p>Target Met. 58 new hires in FY 2008; 41 more than FY 2007</p> <p>Target Met. 36% (4 out of 11) of summer interns from FY 2007 hired in FY 2008.</p>
Implement employee development programs	<ul style="list-style-type: none"> ▪ Launch leadership development program ▪ Develop competency based training for mainstream occupations 	<p>Target Met. The LDP was launched in October 2007. 15 candidates will graduate from program in February 2009.</p> <p>Target Met. A competency assessment tool for competency based training needs analysis was launched in September 2008 and will be included in the FY 2009 Central Training Fund prioritization.</p>

FY 2012 Congressional Performance Budget Request

FY 2008		
Performance Measure	Performance Target	Results
Maintain an effective performance management system	<ul style="list-style-type: none"> ▪ All employees receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately 	<ul style="list-style-type: none"> ▪ Target Met. FERC Non-Supervisory Employees received training in August and September 2008. ▪ Target Met. All FERC managers received feedback on ratings and training on meaningful distinctions during the corresponding rating cycle of their program office. ▪ Target Met. Report analysis shows that higher monetary awards are commensurate with higher performance ratings.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2007 baseline	<p>Target Not Met.</p> <ul style="list-style-type: none"> ▪ Women. The representation of women was 45.5% in FY 2008, a 7.4% decrease from FY 2007. ▪ Minorities. Overall, the representation of minorities was 32.7% in FY 2008, a 0.5% decrease from FY 2007.
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	<ul style="list-style-type: none"> ▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls 	<ul style="list-style-type: none"> ▪ Target Met. Unqualified opinion received November 6, 2008. ▪ Target Met. Unqualified assurance asserted over internal controls September 12, 2008.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	<ul style="list-style-type: none"> ▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performance-based 	<ul style="list-style-type: none"> ▪ Target Met. 31% of total procurement dollars awarded to small, women-owned and minority businesses. ▪ Target met. 100% of all qualified procurements were performance based awards.
Full implementation of FERC's eGovernment initiatives	Completed by September 30, 2008	<p>Target Met. eFiling 7.0 was completed by September 30, 2008. eFiling will increase the number of documents that can be submitted and provides a secure process for submitting Privileged and CEII materials. Also, ATMS 3.0 successfully developed the infrastructure to capture the tracking of all docketed and non-docketed work. Customer satisfaction with eGov services was over 90%.</p>

FY 2012 Congressional Performance Budget Request

FY 2009		
Performance Measure	Performance Target	Results
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target met. In FY 2009, DRS addressed 71 new ADR requests and referrals. FY 2009 results exceeded the results of the base year, FY 2004, by 17 requests/referrals. (In FY 2004 DRS received 54 total requests and referrals.)
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target met. Of 18 cases DRS completed in FY 2009, all achieved consensual agreement through mediation and facilitation, resulting in a 100% success rate.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target met. In FY 2009, customers for all casework and outreach services expressed favorable satisfaction with DRS. Of respondents to casework surveys, DRS received a 100% customer satisfaction rate. Of respondents to outreach surveys, DRS received a 91% customer satisfaction rate.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target met. In FY 2009, DRS delivered 24 outreach events, 13 more events than FY 2004's 11 outreach events. (In FY 2004, the DRS delivered 13 outreach events.)
Of ADR processes concluded, percentage that resulted in savings of time and/ or money over traditional processes	75%	Target met. 100% of respondents to casework surveys affirmed that involvement of DRS saved them time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 90%
Ensure timely and effective communication to all stakeholders	<ul style="list-style-type: none"> ▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals 	<ul style="list-style-type: none"> ▪ Target met. In FY 2009, 42 out of 43 or 99% of press releases were issued within 1 hour of action being taken. ▪ Target met. In FY 2009, 4066 out of 4066 or 100% of important agency actions were posted on the Commission's internet website within 1 hour of issuance. ▪ Target met. In FY 2009, the office provided an initial and complete response to 3476 out of 4753 or 73% of public inquiries at the time of receipt. ▪ Target met. In FY 2009, this office developed 11 out of 11 web page requests. All were completed on schedule.

FY 2012 Congressional Performance Budget Request

FY 2009		
Performance Measure	Performance Target	Results
<p>Enhance communication with National and International groups</p>	<ul style="list-style-type: none"> ▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meetings requests within 3 business days of rendering a decision 	<ul style="list-style-type: none"> ▪ Target met. In FY 2009, External Affairs responded to 100% (211 out of 211) of congressional inquiries and briefing requests within 10 business days. ▪ Target met. In FY 2009, 165 email notifications to members of Congress were sent out on top priority issues regarding significant Commission actions within 1 to 2 business days of the underlining action ▪ Target met. In FY 2009, 46 briefings for Congress and State Officials were conducted on priority issues of natural gas pipelines, transmission planning and integration of renewables, demand response, and cyber security. ▪ Target met. In FY 2009, email notifications were sent out simultaneously for 142 out of 142 (100%) Commission actions of interest to State regulatory agencies on significant Commission actions within 1 to 2 business days of the underlining action. ▪ Target met. In FY 2009, OEA responded to and coordinated 52 approved visits; 44 or 84.6% received responses within 3 business days.
<p>Maintain an effective recruiting program</p>	<ul style="list-style-type: none"> ▪ Increase retention rate of new hires over FY 2008 ▪ Hire 20% of interns into permanent positions ▪ Implement a formal mid-career recruiting program by December 31, 2008 	<ul style="list-style-type: none"> ▪ Target Met - The annualized retention rate of new hires increased from 91.7% (144/157) for FY 08 to 92.1% (187/203) for FY 09. ▪ Target Met - 34% (12 of 35) of interns from summer 2008 program were converted in FY 09. ▪ Target Not Met. The formal four phase mid-level recruitment program strategy was launched on 6/1/09. No negative impact by the delay in meeting original date.
<p>Implement employee development programs</p>	<ul style="list-style-type: none"> ▪ Launch competency based training program for mainstream occupations ▪ Develop competency based training for all occupations 	<ul style="list-style-type: none"> ▪ Target Met - Competency-based training needs assessment was conducted during April 2009. ▪ Target Not Met. The implementation of competency based training for all occupations was deferred, pending the selection and acquisition of a learning management system which will not be available until FY 2011 due to resource constraints. Accordingly, FERC will reevaluate its employee develop program measures for FY 2010.

FY 2012 Congressional Performance Budget Request

FY 2009		
Performance Measure	Performance Target	Results
Maintain an effective performance management system	<ul style="list-style-type: none"> ▪ All employees and managers receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately 	<ul style="list-style-type: none"> ▪ Target Met - all employees and managers received Performance Management Training ▪ Target Met. Managers received feedback which explained meaningful distinctions between performance. ▪ Target Met – The Commission’s analysis identified that on average, FERC rewarded: highly successful employees 31% higher monetary awards than fully successful employees; outstanding employees 49% higher monetary awards than highly successful employees; and outstanding employees with 96% higher monetary awards than fully successful employees.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2008 baseline	<ul style="list-style-type: none"> ▪ Target Not Met - FY09 percentage for women was 44.6%. Decreased percentage from FY08 by less than 1% (FY08 – 45.5%). Modify target for FY 2010 and future years to be “Equal to or greater than Total Federal Workforce percentage.” ▪ Target Not Met - FY09 percentage for minorities was 32.3%. Decreased percentage from FY08 by less than 1% (FY08 – 32.9%). Modify target for FY 2010 and future years to be “Equal to or greater than Total Federal Workforce percentage.”
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	<ul style="list-style-type: none"> ▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls 	<ul style="list-style-type: none"> ▪ Target Met – Received unqualified audit opinion on FY 09 principal statements 11/6/09. ▪ Target Met – Issued unqualified assurance assertion on controls in place as of 6/30/09.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	<ul style="list-style-type: none"> ▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performance-based 	<ul style="list-style-type: none"> ▪ Target Met - 33% of total available procurement dollars were awarded to small businesses during FY09. ▪ Target Met - 100% of qualified FY09 procurements were performance-based acquisitions.

FY 2012 Congressional Performance Budget Request

APPENDIX B

Workload Tables

	FY 2009 Actual			FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
	P	R	C	P	R	C	P	R	C	P		
Pipeline Certificates												
Construction Activity	41	71	67	45	115	115	45	120	120	45		
Prior Notice & Abandonments	14	70	67	17	100	100	17	100	100	17		
Compliance Filings & Reports	133	311	226	218	311	311	218	311	311	218		
Environmental Analysis	42	169	169	42	169	177	34	169	177	26		
Compliance & Safety Inspections	0	550	550	0	700	700	0	800	800	0		
LNG Inspections	0	16	16	0	16	16	0	16	16	0		
Rehearings	15	28	27	16	10	20	6	10	10	6		
Complaints	1	4	3	2	2	2	2	2	2	2		
Declaratory Orders	0	5	3	2	3	3	2	3	3	2		
Remands	1	1	1	1	2	2	1	1	1	1		
Dispute Resolution Services	0	42	23	19	52	45	26	61	56	31		

	FY 2009 Actual			FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
	P	R	C	P	R	C	P	R	C	P		
Hydropower Licensing												
Original Licenses	23	9	6	26	10	10	26	15	10	31		
Relicenses	44	9	11	42	9	15	36	11	15	32		
5 MW Exemptions	4	3	2	5	3	3	5	10	6	9		
Preliminary Permits	23	205	183	45	200	175	70	200	175	95		
Rehearings	0	36	36	0	3	3	0	3	3	0		
Declaratory Orders	1	2	2	1	1	1	1	1	1	1		
Remands	1	1	1	1	1	1	1	1	1	1		
Cases Set for Hearing	1	0	1	0	1	1	0	1	1	0		
Dispute Resolution Services	2	1	3	0	5	3	2	6	5	3		

Key: P = Pending at year-end; R = Received; C = Completed

FY 2012 Congressional Performance Budget Request

	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
Project Compliance and Administration	P	R	C	P	R	C	P	R	C	P
Amendments	400	2,404	2,309	495	2,336	2,358	473	2,550	2,573	450
Jurisdiction	5	21	18	8	20	19	9	15	15	9
Federal Lands	0	164	164	0	150	150	0	150	150	0
Headwater Benefits	11	143	136	18	140	135	23	125	135	13
Compliance	147	1,105	958	294	855	888	261	900	950	211
Surrenders, Transfers	17	42	50	9	30	30	9	15	20	4
Conduit Exemptions	0	18	16	2	25	22	5	20	19	6
Environmental Inspections And Assistance	0	115	115	0	75	75	0	75	75	0
Rehearings	18	13	14	17	50	50	17	50	50	17
Complaints	0	3	1	2	1	1	2	1	1	2
Dispute Resolution Services	0	0	0	0	1	1	0	2	2	0

	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
Dam Safety and Inspections	P	R	C	P	R	C	P	R	C	P
Operational Inspections ⁹	1,003	1,444	1,530	917	1,400	1,400	917	1,400	1,400	917
Preliminary Inspections	3	7	6	4	5	5	4	5	5	4
Construction Inspections	85	179	200	64	150	150	64	150	150	64
Exemption Inspections	147	286	263	170	280	280	170	280	280	170
Special Inspections	59	170	197	32	150	150	32	150	150	32
Engineering Evaluation & Studies	1,147	8,851	8,731	1,267	7,000	7,000	1,267	7,000	7,000	1,267
Part 12 Reviews	113	208	201	120	225	225	120	225	225	120
Dam Safety Reviews	9	51	47	13	36	36	13	36	36	13
EAP Tests – Functions	32	68	68	32	55	55	32	55	55	32
EAP Tests – Table Top	6	26	24	8	55	55	8	55	55	8

Key: P = Pending at year-end; R = Received; C = Completed

FY 2012 Congressional Performance Budget Request

Rates and Tariffs	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
	P	R	C	P	R	C	P	R	C	P
Gas Certificates & Rate Evaluations	100	76	69	107	100	120	87	100	120	67
Market-Based Rates	687	3,650	2,875	1,462	2,020	2,100	1,382	2,020	2,100	1,302
Cogeneration/Small Power Producers (QF)	21	1,147	1,056	112	800	800	112	800	800	112
Dispute Resolution Services (Electric)	8	10	10	8	15	16	7	17	17	7
Rehearings (Electric)	396	271	253	414	300	320	394	300	320	374
Complaints (Electric)	27	78	62	43	75	75	43	75	75	43
Declaratory Orders (Electric)	20	50	37	33	35	40	28	35	40	23
Remands (Electric)	11	4	8	7	5	9	3	5	8	0
Negotiated Rates	38	463	451	50	425	425	50	425	425	50
Cost-Based Rates	957	4,179	3,699	1,437	3,320	3,770	987	3,120	3,220	887
Dispute Resolution Services (Gas)	0	5	5	0	10	7	3	11	10	4
Rehearings (Gas)	42	47	46	43	40	45	38	40	45	33
Complaints (Gas)	3	5	4	4	4	5	3	3	4	2
Declaratory Orders (Gas)	0	1	1	0	1	1	0	1	1	0
Remands (Gas)	3	0	1	2	1	2	1	2	3	0
RTO, ISO, & Transco Filings	11	380	381	10	450	450	10	450	450	10
Dispute Resolution Services (Oil)	2	0	2	0	2	1	1	2	2	1
Rehearings (Oil)	67	6	36	37	40	50	27	40	50	17
Complaints (Oil)	21	9	26	4	20	20	4	20	20	4
Declaratory Orders (Oil)	1	2	2	1	2	3	0	3	3	0
Remands (Oil)	0	0	0	0	1	1	0	1	1	0

Key: P = Pending at year-end; R = Received; C = Completed

FY 2012 Congressional Performance Budget Request

	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
Corporate Applications	P	R	C	P	R	C	P	R	C	P
Interlocking Positions, Other Corporate Filings	99	681	655	125	715	760	80	745	760	65
Mergers, Acquisitions & Dispositions	11	113	101	23	125	140	8	140	140	8

	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
Electric Grid Reliability	P	R	C	P	R	C	P	R	C	P
Reliability Standards	20	48	16	52	46	49	49	51	50	50
Interpretations/Erratas of Reliability Standards	2,020	15	2,025	10	12	11	11	13	12	12
Reliability Filings by ERO/RE	50	36	80	6	34	35	5	34	35	4
Standards Compliance Audits	2	22	22	2	23	23	2	21	21	2
Notices of Penalty-Violations	17	1,175	1,025	167	1,367	1,419	115	1,800	1,815	100

	FY 2009 Actual	FY 2010 Actual			FY 2011 Estimate			FY 2012 Estimate		
Legal Matters	P	R	C	P	R	C	P	R	C	P
Cases Set for Hearing	63	70	77	56	70	70	56	70	70	56
Settlement Judge Proceedings	24	57	50	31	60	60	31	60	60	31
Appellate Review	150	120	130	140	120	130	130	125	130	125
Audits	15	67	25	57	60	92	25	50	60	15
Accounting	6	219	193	32	230	225	37	230	230	37

Key: P = Pending at year-end; R = Received; C = Completed

APPENDIX C

Guiding Principles

Five principles guide the Commission as it exercises its jurisdiction under its governing statutes. Whether the Commission is adjudicating a rate filing, ruling on an application, or developing a new policy, it strives to meet these principles, ensuring that each of its actions is consistent with the public interest.

Organizational Excellence.

Above all, the Commission strives to use its resources efficiently and effectively to achieve its strategic priorities. This includes its human resources. The Commission performs targeted recruiting and hiring and has developed a markets-oriented training curriculum for entry-level as well as experienced staff. The Commission also makes efficient use of information technology to receive filings, produce reports and orders, and maintain data repositories. The Commission tracks the activities of its staff to ensure that they are directed at meeting the Commission's strategic goals and objectives.

Due Process and Transparency.

Paramount in all of its proceedings is the Commission's determination to be open and fair to all participants. Filings are publicly accessible through the Commission's website, and filings to change rates, terms and conditions of service are announced by way of public notice published in the Federal Register. Material issues of fact are resolved through hearings governed by due process rules; the Commission also encourages the use of ADR procedures, which provide for more informal public participation in resolution of a proceeding. The Commission often holds public conferences at which it receives input from members of the public on controversial issues of national importance. Finally, many of the Commission's major decisions are discussed and announced at meetings that are open to the public and also are webcast at no charge on its website.

Regulatory Certainty.

In each of the thousands of orders, opinions and reports issued by the Commission each year, the Commission strives to provide regulatory certainty through consistent approaches and actions. Without an assurance that the

Commission's policies will be internally consistent and applied consistently, investors may be unwilling to bear the risks associated with investing in critical energy infrastructure. Where it is appropriate, the Commission provides generic direction to industry participants in the form of guidance orders, policy statements or rulemakings, to avoid the uncertainty present in case-by-case adjudications. The Commission also has adopted market rules designed to help prevent the exercise of market power and market abuse, to provide a more stable marketplace, and create an environment that will attract needed investment capital.

Stakeholder Involvement.

The Commission conducts regular outreach to ensure that interested persons have an appropriate opportunity to contribute to the performance of the Commission's responsibilities. The Commission also organizes technical conferences and workshops designed to explain and explore issues related to the development and implementation of its policies. When processing hydropower and gas facility applications, the Commission conducts an extensive collaborative pre-filing process, during which it receives input from a multitude of stakeholders including citizen groups, environmental organizations, tribal interests, and local, state and federal resource agencies. The Commission has adopted a similar pre-filing process for resolution of transmission siting applications.

Timeliness.

The Commission's goal is to reach an appropriate resolution of each proceeding in an expeditious manner. Toward that end, the Commission has steadily decreased the time it takes to act on proposed projects, such as LNG import terminals, gas storage facilities, and interstate natural gas pipelines. It has done so without compromising its environmental protection and public participation responsibilities. The Commission also sets and tracks compliance with goals for timely resolution of filings for cost recovery, new services or changes to existing services, as well decisions on initial decisions, complaints, and FPA section 203 applications.

FY 2012 Congressional Performance Budget Request

APPENDIX D

Acronyms and Abbreviations

Acronyms and Abbreviations	
ADR	alternative dispute resolution
CAISO	California Independent System Operator
CIP	Critical Infrastructure Protection
DOE	U.S. Department of Energy
DOT	U.S. Department of Transportation
DRS	dispute resolution service
EAP	Emergency Action Plan
EISA	Energy Independence and Security Act of 2007
EPAct 2005	Energy Policy Act of 2005
ERO	Electric Reliability Organization
FERC or the Commission	Federal Energy Regulatory Commission
FPA	Federal Power Act
FPC	Federal Power Commission
FTE	Full-time equivalent
FY	fiscal year
ISO	independent system operator
LNG	liquefied natural gas
Midwest ISO	Midwest Independent System Operator, Inc.
MW	megawatt
NAESB	North American Energy Standards Board
NEPA	National Environmental Policy Act
NGA	Natural Gas Act of 1938
NIST	National Institute of Standards and Technology
PJM	PJM Interconnection, LLC
Reclamation	U.S. Department of Interior-Bureau of Reclamation
RIDM	Risk-informed decision making
RTO	regional transmission organization
SPP	Southwest Power Pool, Inc.

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