Federal Energy Regulatory Commission

Fiscal Year 2017 Congressional Performance Budget Request

Fiscal Year 2015 Annual Performance Report




Chairman Norman C. Bay

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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.

GOAL 1

ENSURE JUST AND REASONABLE RATES, TERMS, AND CONDITIONS

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

GOAL 2

PROMOTE SAFE, RELIABLE, SECURE, AND EFFICIENT INFRASTRUCTURE

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

GOAL 3

MISSION SUPPORT THROUGH ORGANIZATIONAL EXCELLENCE

Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.

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, $346,800,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed $346,800,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2017 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 2017 so as to result in a final fiscal year 2017 appropriation from the general fund estimated at not more than $0.

FULL COST RECOVERY

The Federal Energy Regulatory Commission (FERC or 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 2015 Actual	FY 2016 Estimate	FY 2017 Request
Appropriation	$304,389,000	$319,800,000	$346,800,000
Offsetting Collections	($304,389,000)	($319,800,000)	($346,800,000)
Net Appropriation	**$ -**	**$ -**	**$ -**

FAST ACT

Title 41 of the Fixing America's Surface Transportation Act, H.R. Rep. No. 114-357 (2015) (Conf. Rep.), enacted on December 4, 2015, establishes a Federal Permitting Improvement Steering Council, composed of designated agencies, including FERC, with the goal of coordinating federal review of covered infrastructure projects. The act provides that member agencies, with the guidance of the Office of Management and Budget, may issue regulations establishing a fee structure for project proponents to reimburse the United States for reasonable costs incurred in conducting environmental reviews and authorizations for covered projects.

FY 2017 REQUEST SUMMARY

The Federal Energy Regulatory Commission (FERC or the Commission) requests $346,800,000 and 1,480 full-time equivalents (FTEs) to execute its mission in fiscal year (FY) 2017. This funding request is an increase of $27,000,000, or about 8.4 percent, above the FY 2016 enacted appropriation.

The FY 2017 request supports an overall 3 percent increase in base operating costs. The Commission's request reflects the necessary resources to support increases in salaries and benefits associated with a 1.3 percent pay raise in both FY 2016 and FY 2017. The request also supports funding for increased rental rates in the lease renewal that became effective in FY 2016. The Commission anticipates program cost increases associated with statutorily required hydropower environmental workload, LNG construction inspections, and expert witness contractor assistance in the Commission's enforcement program. Over the last several years, the Commission has reduced costs through streamlining processes and improving efficiency in administrative and programmatic areas and continues to do so through FY 2017. The Commission is also requesting a nominal increase in critical travel funding above the FY 2016 levels to support requirements in hydropower pre-filing activities, dam safety inspections, LNG and gas compliance inspections, investigations, and infrastructure security programs. Furthermore, the Commission continues to pursue innovative information technology initiatives to help achieve better performance and future cost savings. To that end, the Commission's request level includes continued investment in cost-effective information technology (IT) solutions and lower IT support services costs through FY 2017.

In addition to our base operating expenses, this budget request includes additional funding required to continue a multi-year building modernization project. The FY 2017 request includes $16,276,000 to fund construction, furniture, IT and security equipment, logistical services, and administration costs to support the modernization project. Funding in FY 2017 will support the modernization of two floors within the FERC Headquarters building. The Commission is expecting to fund the first phases of construction, which includes the build-out and move to the construction swing space located at 999 North Capital Street in FY 2016. The Commission will fund $10,351,000 of the $79 million project in FY 2016 with the use of unobligated prior year balances. Congress approved a Prospectus for the 10-year lease option on the 888 First Street Building (FERC Headquarters). As part of the terms of the Prospectus, the Commission is required to consolidate within the FERC Headquarters building to reduce its overall space utilization by 12 percent, which would include relocating employees currently located at 1100 First Street back to FERC Headquarters. The new lease term began on October 1, 2015. The building modernization project is expected to take approximately four years to complete. It entails multiple employee moves to renovate the building and requires external swing space occupancy to effectively reposition personnel in a more efficient housing scheme.

COMPARISON OF FYs 2016 and 2017

Major Category (Dollars in thousands)	**FY 2016 Estimate**	**FY 2017 Request**	**Difference**	**Percent Change FY 2016 to FY 2017**
Salaries & Benefits	$ 233,545	$ 240,434	$ 6,888	2.9%
Environmental and Program Contracts	8,283	9,711	1,429	17.2%
Rent	31,923	31,314	(609)	-1.9%
Information Technology	28,379	29,963	1,584	5.6%
Administrative (including Travel and Training)	18,757	19,102	346	1.8%
Building Modernization	10,351	16,276	5,926	57.3%
Subtotals	**$ 331,237**	**$ 346,800**	**$ 15,563**	**4.7%**
Application of Prior Year (PY) Budget Authority	(11,437)	-		
Totals	**$ 319,800**	**$ 346,800**	**$ 27,000**	**8.4%**

Note: Numbers may not add up due to rounding.

RESOURCES BY STRATEGIC GOALS AND OBJECTIVES

The Commission's budget request and associated justification is aligned with its updated Strategic Plan for FY 2014 – FY 2018. The first two goals are mission critical and correspond to key aspects of FERC's statutory authority. The third goal is a mission support goal focused on establishing a foundation of organizational excellence that enables the achievement of the FERC's mission.

Strategic Goal and Objectives (Dollars in thousands)		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Percent Change FY 2016 to FY 2017
Goal 1	**Funding**	$ 147,246	$ 152,891	$ 159,650	4.4%
	FTE	685	694	694	0.0%
Objective 1.1		115,189	119,978	125,420	4.5%
		543	550	550	0.0%
Objective 1.2		32,057	32,913	34,230	4.0%
		142	145	145	0.0%
Goal 2	**Funding**	110,257	117,451	123,576	5.2%
	FTE	490	500	500	0.0%
Objective 2.1		57,298	62,333	66,076	6.0%
		252	257	257	0.0%
Objective 2.2		52,959	55,118	57,500	4.3%
		238	243	243	0.0%
Goal 3	**Funding**	57,864	60,895	63,574	4.4%
	FTE	281	286	286	0.0%
Objective 3.1		29,908	31,360	32,730	4.4%
		146	148	148	0.0%
Objective 3.2		12,299	12,919	13,483	4.4%
		59	60	60	0.0%
Objective 3.3		15,657	16,616	17,361	4.5%
		75	78	78	0.0%
TOTAL	**Funding**	**$ 315,367**	**$ 331,237**	**$ 346,800**	**4.7%**
	FTE	**1,456**	**1,480**	**1,480**	**0.0%**
Application of PY Budget Authority		**-**	**(11,437)**	-	
TOTAL	**Funding**	**$ 315,367**	**$ 319,800**	**$ 346,800**	**8.4%**
	FTE	**1,456**	**1,480**	**1,480**	**0.0%**

Note: Numbers may not add up due to rounding.

RESOURCES BY INDUSTRY

Regulated Industry (Dollars in thousands)		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Percent Change FY 2016 to FY 2017
Electric	**Funding**	$ 176,355	$ 184,031	$ 192,136	4.4%
	FTE	818	829	829	0.0%
Hydro	**Funding**	68,459	73,454	77,483	5.5%
	FTE	314	321	321	0.0%
Natural Gas	**Funding**	61,496	64,104	67,113	4.7%
	FTE	281	285	285	0.0%
Oil	**Funding**	9,057	9,648	10,068	4.3%
	FTE	43	44	44	0.0%
Subtotal		**$ 315,367**	**$ 331,237**	**$ 346,800**	**4.7%**
Application of PY Budget Authority		-	(11,437)	-	
Total	**Funding**	**$ 315,367**	**$ 319,800**	**$ 346,800**	**8.4%**
	FTE	**1,456**	**1,480**	**1,480**	**0.0%**

Note: Numbers may not add up due to rounding.

OBJECT CLASS SUMMARY

OBJECT CLASS SUMMARY (Dollars in thosands)				
		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
11.9	Personnel Compensation	$ 171,665	$ 179,350	$ 183,221
12.1	Benefits	53,240	54,195	57,212
13.0	Benefits for Former Personnel	59	-	-
	Sub Total, Personnel Compensation & Benefits	$ 224,964	$ 233,545	$ 240,433
21.0	Travel and Transportation of Persons	2,931	3,251	3,394
22.0	Transportation of Things	22	3	3
23.1	Rental Payments to GSA	23,462	31,923	31,314
23.2	Rental Payments to Others	712	729	759
23.3	Communications, Utilities & Misc. Charges	1,892	1,816	1,953
24.0	Printing and Reproduction	1,740	1,929	1,966
25.1	Advisory and Assistance	8,493	9,094	11,016
25.2	Non-Federal	8,279	8,495	8,526
25.3	Federal	1,544	1,410	1,440
25.4	Operation & Maintenance of Facilities	1,702	1,734	1,776
25.7	Operation & Maintenance of Equipment	35,581	23,990	22,198
26.0	Supplies and Materials	2,460	2,617	2,707
31.0	Equipment	1,288	3,879	6,270
32.0	Leasehold Improvements	-	6,741	12,963
41.0	Grants, Subsidies & Contributions	49	49	49
42.0	Insurance Claims and Indemnities	248	31	33
	TOTAL, OBLIGATIONS	$ 315,367	$ 331,237	$ 346,800
	Application of PY Budget Authority	-	(11,437)	-
	GROSS BUDGET AUTHORITY	315,367	319,800	346,800
	Offsetting Receipts	(315,367)	(319,800)	(346,800)
	NET BUDGET AUTHORITY	$ -	$ -	$ -

Note: Numbers may not add up due to rounding.

VERIFICATION AND VALIDATION OF PERFORMANCE INFORMATION

FERC collects, uses and reports performance data on its activities to inform decision making, track progress and meet statutory reporting requirements. The Commission believes the capacity and skill to measure performance is critical to maintaining operational effectiveness. FERC implemented a process to verify and validate performance measure data to support the development of this capability, establish internal controls over performance information, and ensure the completeness and reliability of FERC performance measure data.

FERC's FY 2015 Annual Performance Report has been combined with its FY 2017 Congressional Performance Budget Request, which continues to serve as its Annual Performance Plan, to provide more complete and meaningful data on past performance and the Commission's efforts to improve performance in the coming fiscal years. The report is organized by strategic goals and objectives established in the FY 2014 – FY 2018 Strategic Plan. The performance goals and indicators expressed in this report are aligned to the objectives in the strategic plan and define the level of performance to be achieved.

FERC ensures that the performance data presented in this report meet the verification and validation criteria of being valid, complete, consistent, accurate, and timely based upon the following assessment steps:

1. The Commission applies logic modeling to develop performance measures through its strategic planning process.
2. FERC's program offices document procedure manuals to ensure confidence in the reported performance data. The procedure manuals define:
    - the purpose and interpretation of the measure,
    - external factors that may impact the measure,
    - data collection and storage procedures,
    - data quality controls,
    - and reporting requirements.
3. Performance results are calculated and reported according to established procedures and approved by the office director.
4. Performance measures undergo an independent Verification and Validation Assessment during the four year performance reporting cycle. An Independent Review Team prepares a report evaluating each performance measure based on the five verification and validation criteria.

OVERVIEW OF THE FEDERAL ENERGY REGULATORY COMMISSION

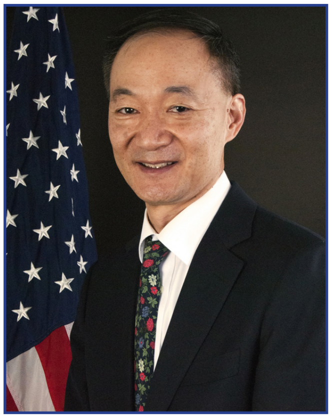
The Commission is an independent regulatory agency within the U.S. Department of Energy. The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

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 statute, including 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 the orders through which the Commission takes action. To avoid any undue political influence or pressure, the Commission is a bi-partisan body and no more than three commissioners may belong to the same political party. The President appoints one of the Commissioners to be the Chairman of FERC and the Chairman is the administrative head of FERC.

In addition to the Chairman and Commissioners, FERC is organized into 12 separate functional offices and 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.

Chairman
Norman C. Bay
Sworn In: August 4, 2014
Term Expires: June 30, 2018



Commissioner
Tony Clark
Sworn In: June 15, 2012
Term Expires: June 30, 2016

Commissioner
Cheryl A. LaFleur
Sworn In: July 13, 2010
Term Expires: June 30, 2019

Commissioner
Colette D. Honorable
Sworn In: January 5, 2015
Term Expires: June 30, 2017

COMMISSION OFFICES

The **Office of Energy Projects** (OEP) fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric, natural gas pipeline, natural gas storage, and liquefied natural gas projects that are in the public interest.

The **Office of Energy Market Regulation** (OEMR) analyzes filings submitted by electric utilities and natural gas and oil pipelines to ensure that rates, terms, and conditions of service are just and reasonable and not unduly discriminatory or preferential. OEMR also analyzes filings submitted by the Electric Reliability Organization (ERO) dealing with its budget, rules of procedure, and bylaws.

The **Office of Enforcement** (OE) protects customers by conducting oversight of energy markets, identifying and remedying market problems in a timely manner, assuring compliance with rules and regulations, and detecting and investigating market manipulation.

The **Office of Energy Policy and Innovation** (OEPI) advises the Commission on policies to ensure the efficient development and use of transmission, generation, and demand-side resources, remove barriers to the participation of emerging technologies and resources, and create a platform for innovation in wholesale energy markets.

The **Office of Electric Reliability** (OER) oversees the development and review of mandatory reliability and security standards by the ERO and ensures compliance with the approved mandatory standards by the users, owners, and operators of the bulk power system.

The **Office of Energy Infrastructure Security** (OEIS) identifies and—working with other governmental agencies, industry, and other stakeholders—seeks comprehensive solutions to potential threats to FERC-jurisdictional infrastructure from cyber and physical attacks, including geomagnetic disturbance and electromagnetic pulse events.

The **Office of the General Counsel** (OGC) provides sound and timely legal counsel to the Commission and Commission staff as it fulfills responsibilities such as assisting in the development of Commission draft orders, rulemakings and other decisions; representing the Commission before the courts; advising the Commission and Commission staff on legal matters; and advising other government agencies, regulated entities and the public on matters within the Commission's jurisdiction.

The **Office of Administrative Litigation** (OAL) advances the public interest in cases set for hearing by providing expert and independent legal and technical analyses; building complete evidentiary records through the presentation of expert testimony and cross examination of witnesses at hearings; briefing issues to law judges and the Commission; and negotiating settlements that achieve prompt rate reductions, provide rate certainty, and conserve Commission resources.

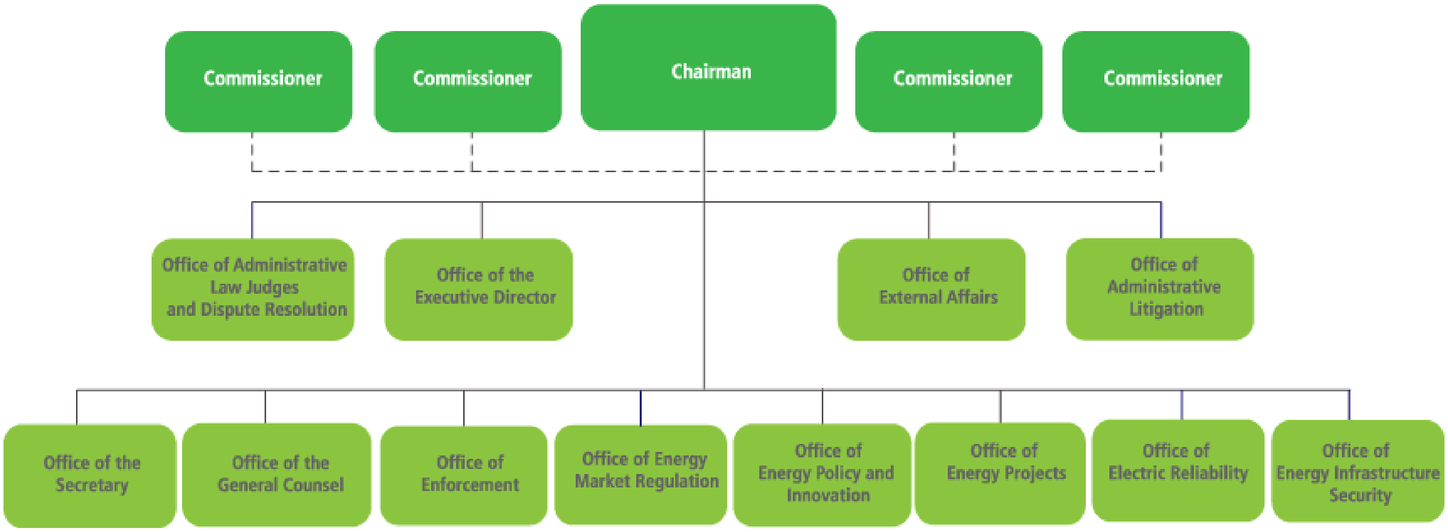
The **Office of Administrative Law Judges and Dispute Resolution** (OALJDR) develops an evidentiary record in contested cases as directed by the Commission. Through trial-type hearings and the issuance of an initial decision, OALJDR ensures that the rights of all parties are preserved. In addition, the Administrative Law Judges act as settlement judges, mediators, and arbitrators to help resolve contested matters. OALJDR also assists interested parties engaged in disputes to achieve consensual decision making through services such as mediation, negotiation, conciliation, arbitration, and facilitation with the Dispute Resolution Service.

The **Office of the Secretary** (OSEC) serves as the focal point through which all filings are made for all proceedings before the Commission, notices of proceedings are given, and from which all official actions are issued by the Commission. OSEC promulgates and publishes all orders, rules, and regulations of the Commission and prescribes the issuance date for these unless such date is prescribed by the Commission.

The **Office of External Affairs** (OEA) is responsible for communications and public relations of the Commission. OEA provides informational and educational services to Congress; federal, state and local governments; the news media and the public; regulated industries; and consumer and public interest groups. This office also is the Commission's liaison with foreign governments.

The **Office of the Executive Director** (OED) provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial, logistics and security.

COMMISSION ORGANIZATIONAL CHART



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

In 1920, Congress passed the Federal Water Power Act, which gave the FPC its original authority to license and regulate non-federal hydropower projects. 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 and operation of new projects; the issuance of relicenses for existing projects; 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 non-developmental (including environmental) interests, several other statutes 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 Part II of 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, the Commission reviews mergers and acquisitions, and certain other corporate transactions involving public utilities and public utility holding companies. Under FPA section 204, the Commission reviews the issuance of securities or assumptions of liabilities by certain public utilities subject to its jurisdiction.

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 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 the Department of Energy and National Institute of Standards and Technology (NIST), has a role to play in ensuring awareness, coordination, and integration of the federal government's diverse activities related to smart grid technologies and practices.

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 liquefied natural gas (LNG) terminals. As part of its responsibility, the Commission conducts cryogenic design and technical review of the proposed LNG facilities during the authorization process, and compliance inspections during construction. Once an LNG 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 also conducts 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.

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 transportation and certain sales for resale 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 section 311 of the Natural Gas Policy Act of 1978 (NGPA). The Commission's jurisdiction over sales for resale of natural gas is limited by the NGPA 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 (ICA) gives the Commission jurisdiction over the rates, terms and conditions of transportation services provided by interstate oil pipelines. Oil pipelines transport crude oil, natural gas liquids (NGLs: ethane, propane and butane), refined petroleum products (gasoline, jet and fuel oils), and liquefied petroleum gas (LPG). 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.

In addition to ensuring oil pipelines comply with the Commission's regulations governing oil pipelines' tariffs subject to section 6 of the ICA, the Commission's responsibilities include the establishment of equal service conditions to provide shippers with equal access to pipeline capacity, and analyzing market-based, cost-of-service and anchor shipper contract rate applications to provide reasonable rates for transporting petroleum and petroleum products by pipeline.

Enforcement

Through the Energy Policy Act of 2005 (EPAct 2005), Congress gave the Commission broad authority to prohibit manipulation in wholesale energy transactions. Congress also enhanced civil penalties for violations of the FPA, NGA, and NGPA. EPAct 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.

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.

GOAL 1

ENSURE JUST AND REASONABLE RATES, TERMS, AND CONDITIONS

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

INTRODUCTION

Electricity, natural gas, and oil are vital resources that fuel economic activity and help to meet the nation's energy needs. Through the FPA, NGA, and ICA, among other laws, Congress gave FERC authority to regulate the transmission and wholesale sale of electricity and natural gas in interstate commerce, and to regulate the transportation of oil by pipeline in interstate commerce. The Commission's responsibility in the exercise of this authority is to ensure that rates, terms, and conditions for wholesale sales and transmission of electric energy in interstate commerce and transportation of natural gas in interstate commerce, as well as for transportation of oil by pipeline in interstate commerce, are just and reasonable and not unduly discriminatory or preferential. As part of this responsibility, the Commission balances the economic viability of energy suppliers with the protection of energy customers. Through these efforts, FERC ensures that consumers have reasonable access to the resources they need and that service providers are appropriately compensated. To achieve this goal, the Commission uses a range of ratemaking activities, including regulatory and market means, as well as market oversight and enforcement.

Strategic Goal and Objectives (Dollars in thousands)		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Percent Change FY 2016 to FY 2017
Objective 1.1	**FTE**	543	550	550	0.0%
	Funding	115,189	119,978	125,420	4.5%
	Program	85,449	88,587	91,402	3.2%
	Support	29,740	31,392	34,018	8.4%
Objective 1.2	**FTE**	142	145	145	0.0%
	Funding	32,057	32,913	34,230	4.0%
	Program	24,270	24,657	25,283	2.5%
	Support	7,786	8,256	8,947	8.4%
Goal 1 Subtotal	**FTE**	**685**	**694**	**694**	**0.0%**
	Funding	**147,246**	**152,891**	**159,650**	**4.4%**
Application of PY Budget Authority		-	(5,279)	-	
Goal 1 Total	**Funding**	**147,246**	**147,612**	**159,650**	**8.2%**

Note: Numbers may not add up due to rounding.

Objective 1.1

Establish Commission rules and policy that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

To establish rules and policies, FERC draws on both market and regulatory means. When competitive markets exist and there are adequate assurances against the exercise of market power, FERC leverages competitive market forces to promote efficiency for consumers while taking measures to mitigate inappropriate or excessive market power. When competitive market conditions do not exist and competitive forces are inadequate to protect consumers, FERC relies on traditional rate-setting authority and tools such as cost-of-service ratemaking.

FERC determines the appropriate approach balancing two important interests: protecting consumers against excessive rates, and providing an opportunity for regulated entities to recover their costs and earn a reasonable return on their investments. Regardless of the approach, the Commission ensures that interested stakeholders have the opportunity to provide their views and that the Commission's ultimate decisions are adequately supported by the evidentiary record. These techniques produce just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions.

Rate and Tariff Filings

A significant portion of the Commission's work to establish just, reasonable, and not unduly discriminatory or preferential rates, terms and conditions of service is accomplished through the review of rates and tariff provisions and other requests for Commission action from regulated entities and interested stakeholders. All jurisdictional public 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 before determining whether to accept, conditionally accept subject to modifications, or reject the proposed changes. The Commission expects to use quantitative analysis, as appropriate, to help inform the Commission's decision-making on both an ex-ante and ex-post basis.

Commission staff also performs regular reviews of cost-based electric transmission rates. In FY 2014, Commission staff performed a comprehensive electric utility formula rate review. Based on the findings of that review, the Commission initiated FPA section 206 proceedings to require utilities to make annual informational filings to implement their formula rates. Staff prepared written guidance that was posted on the Commission's website to assist all utilities in complying with Commission policies on formula rate updates. Staff has devised a plan for monitoring and reviewing such filings in an organized fashion and will continue to review these filings in FYs 2016 and 2017.

The Commission reviews applications for market-based rate authorizations for the sale for resale of electricity, capacity, or ancillary services by public utilities; for storage services provided by natural gas companies; and for transportation services provided by oil pipelines. The Commission also permits natural gas pipelines to charge negotiated rates, subject to the availability of a cost-based recourse rate. Also, the Commission may grant merchant transmission developers authorization to sell transmission services at negotiated rates under certain circumstances. The Commission grants market-based rate authorization where the ability to exercise market power either is not present or has been adequately mitigated and where other conditions are met.

Public utilities and natural gas pipelines that have not been granted market-based rate authority must establish their rates using a cost-based rate structure. Oil pipelines that have not been granted market-based rates may establish their rates using a cost-based rate structure or by filing a sworn affidavit stating that the initial rate is agreed to by at least one non-affiliated person who intends to use the new service. 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.

From a broader geographic perspective within the electric industry, the Commission also regularly reviews proposals from regional transmission organizations (RTOs) and independent system operators (ISOs) to reform organized wholesale energy markets to ensure that the dynamics for buying, selling and transmitting energy are robust and working as intended and to promote operational efficiency in wholesale markets. In particular, the Commission engages the RTOs/ISOs and stakeholders to ensure that energy, capacity and ancillary services markets provide appropriate price signals, support market evolution, and provide appropriate opportunities to participate for all eligible resources, including emerging technologies.

In reviewing some filings, the Commission determines that a trial-type evidentiary hearing or other procedures are needed to bolster the factual record on which the Commission will base its decision. In these instances, the Commission recognizes the value of resolving issues through consensual means where possible. Settling cases benefits energy consumers as it dramatically limits the time, expense, and resources that the Commission and outside parties would otherwise devote to litigating these cases. A settlement not only provides ratepayers reduced rates and refunds far more quickly than litigation, but also provides business certainty and facilitates the construction of needed infrastructure in a timely manner. Further, the resolution of a case through settlement is likely to be more acceptable to the parties than a litigated result, and therefore, reduces the likelihood of an appeal. The Commission's administrative law judges (serving as settlement judges), trial staff, and dispute resolution staff all play important roles in resolving matters without full litigation. In instances where a settlement cannot be achieved, the trial staff and the parties develop evidentiary records that the presiding judges and the Commission use to determine just and reasonable, and not unduly discriminatory or preferential, rates, terms and conditions of service.

In FYs 2016 and 2017, the Commission will continue to dedicate a significant amount of resources to the analysis of rate and tariff filings because of the large number of such filings received annually.

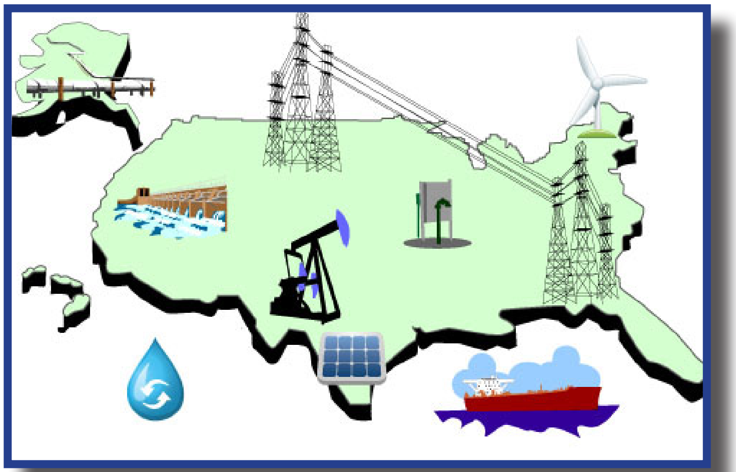
Rate and Tariff Filings by Industry

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Electric	5,305	6,018	6,054	6,100	6,100
Gas	1,767	1,503	1,634	1,725	1,725
Oil	628	770	735	750	750

Note: Estimates are based on historical data and expected filings.

Electric Market Based Rates

In accordance with Order No. 697, the Commission grants market-based rate authorization for wholesale sales of electric energy, capacity, and ancillary services by sellers that can demonstrate that they and their affiliates lack or have adequately mitigated horizontal and vertical market power. In FY 2016, the Commission issued a Final Rule, Order No. 816, to clarify and streamline certain aspects of its market-based rate program for wholesale sales of electric energy, capacity and ancillary services. The changes will increase transparency while continuing to ensure that the program results in market-based rates that are just and reasonable. Among other things, the Final Rule streamlined the program by eliminating a requirement that market-based rate sellers file quarterly land acquisition reports for new generation sites. The Final Rule became effective January 28, 2016.



Pipeline Rate Review

In FY 2009, the Commission began an in-depth review of information filed annually by natural gas pipelines in their financial reports to determine whether the pipelines' returns are just and reasonable. Based on the findings, since FY 2010, the Commission has initiated 14 NGA section 5 actions to determine the justness and reasonableness of existing transportation and storage rates. In FYs 2016 and 2017, the Commission will continue to review the pipelines' financial reports to determine whether the pipelines' returns are just and reasonable. If any pipeline's returns appear to be excessive, the Commission will consider what additional steps may be warranted. Similarly in FYs 2016 and 2017, the Commission will review the information filed by jurisdictional oil and product pipelines in their financial reports to determine whether these pipeline earnings are just and reasonable. If any pipeline's earnings appear excessive, the Commission will consider what additional steps may be warranted.

The Commission has established an indexing rate methodology that is designed to enable oil pipelines to recover costs by allowing pipelines to raise rates at the same pace as they are predicted to experience cost increases. This oil pipeline indexing rate methodology was established consistent with the Energy Policy Act of 1992. In FY 2016, the Commission completed its five year review of the index and adopted a new index to establish annual rate ceiling levels for oil pipeline rate changes for the period July 1, 2016, through June 30, 2021.

Order No. 1000 is a Final Rule that reforms the Commission's electric transmission planning and cost allocation requirements for public utility transmission providers. The rule builds on the reforms of Order No. 890 and corrects remaining deficiencies with respect to transmission planning processes and cost allocation methods.

Electric Transmission Planning

Although ownership of the interstate transmission grid is highly disaggregated, with more than 500 owners, transmission planning must be considered not only on a local basis, but also on a regional basis. To ensure that needed transmission is developed with the interests of all stakeholders in mind, the Commission requires that all public utility transmission providers establish and participate in open and transparent regional transmission planning processes. These processes aim to improve the coordination of transmission planning among utilities and to support the development of an efficient transmission system, facilitating competitive markets by reducing barriers to trade between markets and among regions.

Following an extensive rulemaking process, the Commission issued Order No. 1000 in July 2011, Order No. 1000-A in May 2012, and Order No. 1000-B in October 2012. This rulemaking was designed to correct deficiencies in transmission planning processes and to ensure that Commission-jurisdictional transmission services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Specifically, Order No. 1000 requires public utility transmission providers to improve transmission planning processes and allocate costs for new transmission facilities to beneficiaries of those facilities, thereby aligning transmission planning and cost allocation. The Order No. 1000 transmission planning reforms require each public utility transmission provider to participate in a regional transmission planning process that produces a regional transmission plan and provides for consideration of transmission needs driven by public policy requirements established by local, state or federal laws or regulations. Order No. 1000 also requires that each public utility transmission provider participate in a regional transmission planning process that has a regional cost allocation method that meets six cost allocation principles for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation. In addition, Order No. 1000 establishes interregional coordination and cost allocation requirements for public utility transmission providers in neighboring transmission planning regions. The rule also promotes competition in regional transmission planning processes by removing from Commission-approved tariffs and agreements a federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, subject to certain limitations.

Public utility transmission providers in all of the proposed Order No. 1000 transmission planning regions submitted their compliance filings addressing the Order No. 1000 requirements in FY 2013. In FY 2013, the Commission issued orders addressing all of the initial regional compliance filings and requiring further compliance filings. In FY 2014, the Commission addressed the requests for rehearing of the orders addressing the initial regional compliance filings and the second round of regional compliance filings. In FY 2015, the Commission issued orders addressing the requests for rehearing of the second round of regional compliance orders and the third round of regional compliance filings, as well as a few of the fourth round of regional compliance filings. In addition, in FY 2015 the Commission addressed the compliance filings made to address the interregional requirements to ensure they meet the requirements of Order No. 1000, and addressed further regional compliance filings. The Commission will continue to review and address any further regional or interregional compliance filings in FY 2016 and 2017. The Commission will also monitor the implementation of the transmission planning reforms adopted in Order No. 1000 to evaluate their effectiveness in FYs 2016 and 2017.

Electric Transmission and Open Access

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. 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. The Commission will continue to evaluate and make improvements to the open access transmission tariff through FYs 2016 and 2017, as needed.

Increasingly, the Commission is asked to approve requests from prospective developers of transmission facilities based on non-traditional business models, including merchant transmission development. In FY 2013, the Commission issued a policy statement which clarified and refined policies governing the allocation of capacity for new merchant transmission projects and new non-incumbent, cost-based, participant-funded transmission projects. In May 2014, the Commission initiated a rulemaking proceeding to revisit its rules governing the use of capacity on facilities interconnecting generating units to the transmission grid. In March 2015, the Commission issued Order No. 807, a final rule to remove regulatory inefficiencies and burdens by granting a blanket waiver from Open Access Transmission Tariff requirements to public utilities that would only be subject to those requirements because of their ownership, control, or operation of Interconnection Customer's Interconnection Facilities. The Commission will continue to act on applications by merchant transmission project developers applying the policies as clarified in the new policy statement and will continue to evaluate its policies in FYs 2016 and 2017, including possible consideration of a final rule to address concerns with third-party access to interconnection facilities.

Capacity Markets

The Commission has approved forward-looking, auction-based markets in the PJM Interconnection, L.L.C. (PJM) and ISO New England Inc. (ISO-NE) regions to allow load-serving entities to procure adequate capacity to meet the long-term electricity needs of consumers. In the region operated by the New York Independent System Operator, Inc. (NYISO), the Commission has approved a monthly auction-based capacity market. In other regions, including those operated by the California Independent System Operator Corp. (CAISO) and the Midcontinent Independent System Operator, Inc. (MISO), the Commission has approved alternative approaches to the mandatory forward-capacity procurement design.

The Commission continually evaluates how current centralized capacity market rules and structures are supporting the procurement and retention of resources necessary to meet future reliability and operational needs established by the regions. While the capacity market mechanisms the Commission approves often vary in design, all are intended to provide the proper price signals to, where appropriate, retain existing efficient resources and encourage the entry of new resources in areas where they are needed to meet electric supply needs.

In August 2013, the Commission released a staff report on Centralized Capacity Market Design elements, and in September 2013 (Docket No. AD13-7-000) the Commission held a technical conference to explore these issues. In April 2014, the Commission held a technical conference on Winter 2013-2014 operations and market performance in RTOs and ISOs that considered, among other things, the performance of capacity resources during the 2013-2014 winter period (Docket No. AD14-8-000). Separately, in November 2014, the Commission held jointly, with the New York Public Service Commission, a technical conference to discuss issues of mutual interest and concern regarding the installed capacity markets and energy infrastructure in New York.

In November 2014, after considering the comments received in response to the Docket Nos. AD13-7-000 and AD14-8-000 conferences, the Commission issued an order directing regional electric power market operators to file reports on their efforts to address fuel assurance in their respective regions. The reports were filed in February 2015 and comments on the reports were filed in March 2015. The Commission is reviewing the reports and the comments on the reports to determine the appropriate next steps in FYs 2016 and 2017.

Wholesale Energy and Ancillary Services Market Rules

The Commission reviews proposed market rules to ensure just and reasonable rates, terms, and conditions, and to maintain open access for diverse energy resources, including demand response, energy efficiency, and renewable energy sources. In FYs 2016 and 2017, the Commission will review wholesale energy and ancillary services market rules to ensure that they provide efficient price signals and incentivize performance for all eligible resources.

Ancillary services are necessary for the reliable and efficient transmission of electric power. These services, as defined in Order No. 888, include: Scheduling, System Control and Dispatch; Reactive Supply and Voltage Control from Generation Sources; Regulation and Frequency Response; and Energy Imbalance. As the energy mix changes in response to renewable energy portfolio requirements, there is a growing need for ancillary services to support grid functions and the integration of intermittent resources.

In July 2013, the Commission issued Order No. 784, Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies, which aims to reduce unnecessary barriers for ancillary service providers wishing to make market-based rate sales to public utility transmission providers, and also provides for greater transparency in reserve requirements for Regulation and Frequency Response service. Order No. 784 also adopts reforms to the Commission's accounting and reporting regulations to better account for transactions with energy storage devices. Compliance filings were filed in FYs 2014 and 2015, and the Commission processed these filings in FYs 2014, 2015 and 2016.

In February 2015, the Commission proposed to allow the sale of primary frequency response service at market-based rates by sellers with market-based rate authority for energy and capacity. In November 2015, after reviewing the comments filed in response to its proposal, the Commission issued Order No. 819, Third-Party Provision of Primary Frequency Response Service, to foster competition in the sale of primary frequency response service. The final rule permits the sale of primary frequency response service at market-based rates by sellers with market-based rate authority for sales of energy and capacity. The rule will promote competition in anticipation of growing demand for primary frequency response service as a result of a reliability standard taking effect in 2016 that requires balancing authorities to meet a minimum frequency response obligation. Primary frequency response service is one of the tools available to ensure reliable operation of the North American electric system.

In November 2015, the Commission proposed to require all new interconnecting generators, including wind generators, to provide reactive power by revising both the pro forma Large Generator Interconnection Agreement (facilities larger than 20 megawatts) and the pro forma Small Generator Interconnection Agreement (Docket No. RM16-1-000). Reactive power is needed to control system voltage for efficient and reliable operation of the transmission system. The Commission will review the comments in response to this rulemaking to determine next steps in FY 2016 and 2017.

In June 2014, the Commission initiated a proceeding to evaluate issues regarding price formation in the organized wholesale electric energy and ancillary services markets operated by RTOs and ISOs. The goals of proper price formation are to: maximize market surplus for consumers and suppliers; provide correct incentives for market participants to follow commitment and dispatch instructions, make efficient investments in facilities and equipment, and maintain reliability; provide transparency so that market participants understand how prices reflect the actual marginal cost of serving load and the operational constraints of reliably operating the system; and ensure that all suppliers have an opportunity to recover their costs.

The Commission directed its staff to engage in outreach and convene workshops to explore improvements to market designs and operational practices of the organized markets. In September 2014, the Commission convened a workshop to discuss with industry uplift payments in energy and ancillary service markets operated by RTOs and ISOs.

In October 2014, the Commission convened a workshop on technical operational, and market issues related to offer price mitigation and offer price caps as well as scarcity and shortage pricing in energy and ancillary services markets operated by RTOs and ISOs.

In December 2014, the Commission convened a workshop to address technical, operational, and market issues related to operator actions in energy and ancillary services markets operated by RTOs and ISOs. Following these workshops the Commission solicited additional stakeholder comments on various aspects of price formation in RTO and ISO markets that were discussed at the technical conferences. The Commission is reviewing those comments and considering potential improvements, with work in this area continuing in FYs 2016 and 2017.

In September 2015, the Commission issued its first proposal on price formation to address two practices that fail to provide appropriate signals for resources to respond to the actual operating needs and properly reflect system conditions and costs to serve consumers when compensating resources within organized markets. In its Notice of Proposed Rulemaking on Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators (Docket No. RM15-24-000), the Commission proposed to require that each RTO/ISO align settlement and dispatch intervals by settling energy transactions in real-time markets at the same time interval that it prices operating reserves, and that each RTO/ISO trigger shortage pricing for any dispatch interval during which a shortage of energy or operating reserves occurs. In FY 2016, Commission staff will evaluate the comments submitted in response to its proposal to determine the appropriate next steps with work continuing into FY 2017.

In November 2015, the Commission took another step to address price formation by directing the RTOs/ISOs to submit reports addressing five price formation issues including, pricing of fast-start resources, commitments to manage multiple contingencies, look-ahead modeling, uplift allocation, and transparency (Docket No. AD14-14-000). In addition to providing an update on the RTO/ISOs' current practices in the five areas, the reports will assist in identifying best practices that in turn provide incentives to maintain reliability, to facilitate accurate and transparent pricing, to reduce uplift, and for market participants to operate consistent with dispatch signals. The information will also assist the Commission in understanding the reasons why each RTO/ISO has made its set of policy choices. In FY 2016, Commission staff will analyze these reports, which are due in February 2016, and comments in response to these reports, to determine the appropriate next steps. Related work will continue in FYs 2016 and 2017.

In January 2016, the Commission issued a Notice of Proposed Rulemaking to revise the caps imposed on supply offers in day-ahead and real-time energy markets run by RTOs/ISOs. Extreme weather in the winter of 2013-14 led to a significant rise in the price of natural gas that could have caused some resources to face short-run marginal costs in excess of the existing cap. In that winter and in the two following winters, the Commission was asked to take actions quickly to allow some RTOs and ISOs to either raise their offer cap or permit cost recovery above their offer cap through uplift. In the proposed rule, the Commission is taking a generic action and proposing that RTOs/ISOs would cap each resource's incremental energy offer at the higher of $1,000/megawatt-hour or that resource's verified cost-based incremental energy offer. This proposed rule is expected to result in clearing prices that better reflect the marginal cost of production, and also ensure that a resource can recoup its short-run marginal costs when those costs exceed the offer cap. In FY 2016, Commission staff will evaluate the comments submitted in response to its proposal to determine the appropriate next steps with work continuing into FY 2017.

Barriers to Efficient Trading Between Markets

The Commission seeks to identify and remove barriers to efficient trading between regional markets to ensure that trades result in just and reasonable rates. To this end, the Commission in several proceedings is considering issues related to seams between organized wholesale energy markets. For example, at the June 2013 Commission meeting, PJM, MISO, the Organization of MISO States, the Organization of PJM States, and the independent Market Monitors of each RTO made presentations to the Commission on efforts to identify and address any barriers to trade between the PJM and MISO markets through the PJM/MISO Joint and Common Market process. At the meeting, the Commission encouraged PJM, MISO, and their stakeholders to develop an action plan for addressing any barriers to trade between the PJM and MISO markets. In September 2013, PJM and MISO submitted to the Commission a work plan developed with their stakeholders for addressing various initiatives to promote greater coordination of their market operations, through their Joint and Common Market process. In December 2013, the Commission issued an order addressing the proposed work plan and directed staff to participate in the RTOs' Joint and Common Market meetings to aid the Commission in monitoring the RTOs' progress in addressing the initiatives. Consistent with that directive, staff attended meetings and provided feedback to the Commission regarding progress being made. The Commission invited PJM and MISO, their respective market monitors and state commissioner representatives from both regions to provide a status report at the Commission's January 2015 Commission meeting. In February 2015, the Commission issued an order requesting that PJM, MISO, and their independent market monitors provide further information on certain specific initiatives being addressed in the Joint and Common Market process, and provided an opportunity for interested parties to comment on the information provided by PJM, MISO, and their independent market monitors. The Commission is reviewing this information to understand what, if any, additional steps it should take to improve the efficiency of operations at the PJM/MISO seam. Another example of Commission consideration of such issues is found in several proceedings that involve the seam between MISO and the Southwest Power Pool. The Commission will continue to seek to identify and address barriers to efficient trade between markets as appropriate during FYs 2016 and 2017.

Energy Imbalance Market

In FY 2014, the Commission approved CAISO's implementation of an Energy Imbalance Market allowing neighboring balancing area authorities in the western states to participate in the imbalance energy portion of CAISO's real-time market. The Commission continues to work with CAISO and the Energy Imbalance Market participants to address problems as they arise, and approve market design improvements which address identified deficiencies. In May 2015, the Commission conditionally accepted NV Energy's tariff provisions to allow for its participation subject to further compliance obligations. NV Energy has since joined PacifiCorp as the second entity to participate in the Energy Imbalance Market. In FY 2016, the Commission will address further outstanding compliance obligations of NV Energy and CAISO. Puget Sound Energy and Arizona Public Service Company have both entered into implementation agreements with CAISO to join the Energy Imbalance Market and they plan to file tariff provisions to allow for their participation beginning in October 2016. Other western utilities continue to explore joining the Energy Imbalance Market. The Commission will continue to monitor the implementation, performance and integration of existing and new balancing authority areas participating in the Energy Imbalance Markets in FYs 2016 and 2017.

Gas-Electric Coordination

Due to historically low natural gas prices, environmental considerations, and other factors, the electric industry has become increasingly reliant on natural gas as a fuel for generation. To explore the interdependencies of these industries, the Commission held five regional technical conferences in August 2012.

In November 2012, the Commission issued an order directing Commission staff to hold additional technical conferences on information sharing and communication issues between natural gas and electric entities and on natural gas and electric scheduling issues. Technical conferences were held in February and April 2013 on these issues. In November 2013, the Commission issued Order No. 787, Communication of Operational Information between Natural Gas and Electric Transmission Operators. Order No. 787 allows interstate natural gas pipelines and electric transmission operators to share non-public operational information to promote the reliability and integrity of their systems. Specifically, the final rule authorizes interstate natural gas pipeline and electric transmission operators to voluntarily share non-public, operational information. To protect against undue discrimination and ensure that the shared information remains confidential, the rule also adopts a No-Conduit Rule that prohibits recipients of the information from disclosing it to an affiliate or a third party. ISO-NE, PJM, and NYISO have voluntarily submitted tariff revisions to allow for the sharing of non-public, operational information with interstate natural gas pipelines consistent with Order No. 787.

In March 2014, the Commission initiated further steps to improve the coordination and scheduling of natural gas pipeline capacity with electricity markets culminating into a final rule, Order No. 809, issued in April 2015 to improve coordination of wholesale natural gas and electricity market scheduling. Order No. 809 adopted North American Energy Standards Board standards to revise the interstate natural gas nomination timeline. These standards move the Timely Nomination Cycle deadline for scheduling gas transportation from 11:30 a.m. to 1 p.m. Central Clock Time and add a third intraday nomination cycle during the gas operating day to help shippers adjust their scheduling to reflect changes in demand. The Commission also revised its regulations to provide additional contracting flexibility to firm natural gas transportation customers through the use of multi-party transportation contracts. However, the Commission declined to adopt the Notice of Proposed Rulemaking proposal to move the start of the gas operating day earlier. In FY 2016, the Commission will review and take appropriate action on the Order No. 809 compliance filings interstate pipelines are required to submit in February 2016.

Also in March 2014, in two separate but related orders, the Commission established proceedings under the FPA and NGA. In one order, the Commission established proceedings under section 206 of the FPA to ensure that the scheduling practices of RTOs and ISOs correlate with the revisions to the natural gas scheduling practices adopted by the Commission in Order No. 809. Each ISO and RTO was required to make a filing in July 2015 that proposed tariff changes, or show cause why such changes were not necessary. The RTOs and ISOs made filings in July and August 2015, which the Commission addressed in November and December 2015.

Settlements and Trial-Type Evidentiary Hearings

As noted earlier, some filings lack the necessary facts for summary Commission action. These cases are set for trial-type evidentiary hearings and, in some instances, also for settlement judge procedures. When such cases are set for hearing, trial staff and parties conduct comprehensive discovery to develop facts relevant to the issues set for hearing and to create a complete and accurate record for the presiding judges and the Commission. After discovery is complete, trial staff and parties file several rounds of expert testimony and exhibits addressing the issues that are the subject of the hearing. Following a hearing at which witnesses are cross-examined, trial staff and the parties file briefs addressing the factual, legal and policy issues presented by the proceeding. Thereafter, the presiding judge issues an Initial Decision and further briefs are filed by the trial staff and parties with the Commission, after which the Commission issues its final decision in the case. In FY 2015, such proceedings resulted in the issuance of five Initial Decisions and four Commission opinions or orders on Initial Decisions. In one of these decisions, the judge found that traders manipulated the natural gas next day markets resulting in financial losses of approximately $1.4 million to $1.9 million.

Settlement of cases set for hearing is always explored, either through settlement judge procedures or by trial staff and the parties. Settlement negotiations frequently take months, often involve numerous highly technical issues, and require a delicate balancing of many different interests. The settlement judge and/or trial staff play a lead role in facilitating the settlement of cases set for hearing. The Commission encourages settlements, and the majority of cases result in settlements approved by the Commission as in the public interest. Such settlements result in faster, less expensive resolutions of cases and frequently also earlier refunds and rate reductions to ratepayers. The Commission also benefits by limiting the time, expense and resources needed to achieve a fair result for all parties.

Savings to ratepayers from settlements that occurred in FY 2015 totaled approximately $296 million ($146 million in electric utility matters and $150 million in natural gas pipeline and oil pipeline matters). The bulk of these savings to energy customers will continue in future years, until a subsequent rate case is filed, and thus provide long-term benefits beyond just the savings that occurred from these cases in FY 2015.

In addition, many matters, docketed and non-docketed, are resolved through the intervention of the administrative law judges and/or dispute resolution staff serving as mediators of facilitators. For example, during FY 2015, the dispute resolution staff successfully resolved 36 disputes. There were also five proceedings that were successfully resolved through negotiated settlement, but the parties chose to withdraw their filing with the Commission rather than to file a settlement agreement.

In FYs 2016 and 2017, the Commission will continue to: (i) scrutinize filings to ensure that customers pay just and reasonable rates that ensure continued access to adequate energy supplies; (ii) actively encourage settlement of proceedings to secure prompt benefits for ratepayers, jurisdictional entities, and the Commission; and (iii) assure fair and thorough hearings of those cases that cannot be resolved through settlement.

Corporate Activities and Mergers

The Commission also takes action to improve 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. 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.

The Commission will protect customers from affiliate abuse and guard against cross subsidization through oversight of public utility holding companies and by dealing with complex issues associated with ownership and control of utility assets.

Smart Grid

The Commission continues to encourage the efficient operation of the electric grid, which includes the development of a smart grid. The smart grid concept involves automating the electric grid by outfitting it with smart controls, and two-way communications systems. These technologies have the potential to reduce power consumption through demand response, and to improve grid reliability.

The EISA provides roles for NIST and the Commission with respect to development of smart grid interoperability standards. Section 1305 of the EISA directs the Commission to determine if NIST's work in this area has led to sufficient consensus on smart grid interoperability standards and, if so, to initiate a rulemaking through which it may adopt standards and protocols developed by the NIST process to govern the implementation of smart grid technologies. In FYs 2016 and 2017, the Commission will monitor the development of interoperability standards in the NIST framework process and evaluate standards as appropriate to determine whether there is sufficient consensus for adoption.

Performance Goal 1.1.1

Reduce Interchange Flows that are Uneconomic

Description

The percentage change in uneconomic interchange flows (i.e., electricity flowing from a high-cost market to a low-cost market) between adjacent organized markets is one indication of market inefficiency. The extent to which interchange flows move in the economic direction is one indicator of the Commission's success in accomplishing Objective 1.1 of the Commission's Strategic Plan, which focuses on ensuring just and reasonable rates, terms and conditions.

The reported percentage change for this measure represents the change in the degree to which participants in adjacent organized markets schedule uneconomic interchange. Positive values reported for percentage change indicate that the uneconomic interchange flows increased from the previous year, while negative values reported indicate that uneconomic interchange flows decreased. Since decreases in uneconomic interchange flow are what are desired, this means that negative values for this measure are desired. As organized markets increase coordination and implement policies and rules that better promote efficiency between adjacent organized markets and remove incentives to schedule uneconomic interchange, the percentage change in uneconomic interchange flow should become negative. However, realistic expectations for improvements from policies that can be implemented from year to year are limited. In fact, there are likely declining marginal returns to such policies, such that the less costly and/or most effective policies are implemented first, and subsequent policies have marginally less effect. As such, this document sets a target for year-over-year improvement, but does not expect the rate of improvement to increase every year.

Fiscal Year	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Lost firm load megawatts resulting from bulk power system transmission related events, excluding weather related outages	Data not available	-2.98%	-1.99%	1.09%	-1.76%	-1.25%	-1.25%	-1.25%
FY 2015 Target: Met								

Analysis

The frequency of economic flows improved on all the measured interfaces, particularly the interface between the Southwest Power Pool (SPP) and the MISO, which reflects the effects of operating experience and change in market rules. This will be especially important as the footprint of SPP expands with the integration of the Western Area Power Administration and the associated utilities, which will increase the size of SPP and the amount of interchange that will occur between SPP and MISO. On the interface between the NYISO and PJM, Coordinated Transaction Scheduling was implemented, which provided a way to more efficiently schedule hourly interface transactions. The Joint and Common Market process between PJM and MISO continued, which has worked to smooth issues regarding inter-RTO scheduling.

Performance Goal 1.1.2

Participation of stakeholders in regional transmission planning meetings

Description

The measure captures the level of participation of stakeholders in regional transmission planning meetings. Recognizing the importance of transmission planning, the Commission issued Order No. 1000, which requires public utility transmission providers to collaborate in regional transmission planning and take steps to encourage participation by all stakeholders in those planning activities. This measure provides an indication of the potential effectiveness of Order No. 1000 in encouraging greater participation in the regional transmission planning process, which could result in more efficient and cost-effective transmission solutions.

Fiscal Year	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Performance Indicator: Average attendance across all the regions	Data not available	111.6	111.6	111.6
FY 2015 Target: Baseline				

Analysis

Staff estimates a measure of the annual level of participation based on the number of participants attending regional transmission planning meetings. To calculate the level of participation, staff calculated an average attendance number across all the regions based on the total number of stakeholders[6] attending the various meetings that staff monitored in each region during FY 2015 divided by the number of regions. The average attendance across all the regions for FY 2015 was 111.6 which is the baseline figure for this measure. Averaging the attendance numbers for the various meetings monitored by staff is a more accurate reflection of attendance than a simple count because stakeholder participation fluctuates between meetings held at different times in the transmission planning cycles. The Order No. 1000 monitoring effort began in earnest during FY 2015. Monitoring for most regions covered only the last nine months of FY 2015 because, during the first part of FY 2015, the Commission was still in the process of addressing the final regional compliance proposals. Staff monitored 41 meetings during FY 2015 and expects to monitor at least the same number of meetings in FY 2016. Staff found that the stakeholders were active and engaged in the Order No. 1000 process.

As the Order No. 1000 transmission planning meetings continue, the target is expected to stay the same. The FYs 2016 and 2017 targets are based on the Commission's belief that the Commission's Order No. 1000 efforts will lead to a consistent base level of stakeholders in regional transmission planning meetings. While effective transmission planning requires at least a base level of participation, it does not require 100 percent participation. Although the Commission anticipates a consistent base level required for effective planning and targets the same average participation, staff anticipates that attendance for each region will vary based on size and interest by non-incumbents.

[6] Representatives from the same entity are counted as one participant at a particular meeting regardless of the number of representatives in attendance.

Performance Goal 1.1.3

Cases resolved by settlements

Description

In reviewing some filings, the Commission determines that a trial-type evidentiary hearing or other procedures are needed to bolster the factual record on which the Commission will base its decision. In these instances, the Commission recognizes the value of resolving issues through consensual means where possible. Settling cases benefits energy consumers as it dramatically limits the time, expense, and resources that the Commission and outside parties would otherwise devote to litigating these cases. A settlement not only provides ratepayers reduced rates and refunds far more quickly than litigation, but also provides business certainty and facilitates the construction of needed infrastructure in a timely manner. Further, the resolution of a case through settlement is likely to be more acceptable to the parties than a litigated result, and therefore, reduces the likelihood of an appeal. While the majority of cases set for hearing in any given fiscal year have traditionally been settled, many factors affect the percentage of cases settled in a given fiscal year. These include: i) the type and complexity of issues presented; ii) whether the issues are novel or have been addressed by the Commission in the past; and iii) the parties' willingness to settle.

Fiscal Year	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percentage of cases set for hearing, settlement procedures or otherwise resolved by settlements[2]	Data not available	78.4%[3]	92.40%	75%	75%	75%

FY 2015 Target: Met

Analysis

The Commission exceeded the target goal of 75 percent for achieving settlements during FY 2015. FERC staff settled 61 cases (54 full settlements, three partial settlements, and four settlement negotiations resulting in withdrawal or Alternative Dispute Resolution settlements in a docketed proceeding) out of 66 resolved cases during the fiscal year.

[2] In FY 2015, the performance indicator was changed to include docketed matters that were not set for hearing or settlement processes by the Commission but may have resulted in a settlement or motion to dismiss or withdraw. Docketed cases which have not been set for hearing or settlement procedures may nonetheless be settled, withdrawn or dismissed through the efforts of the FERC Staff.

[3] The FY 2014 result reported in the FY 2014 Performance and Accountability Report was recalculated to include two withdrawn cases meeting the criteria of the revised measure. The change had no effect on the reported result.

Objective 1.2

Increase compliance with FERC rules; detect and deter market manipulation.

Oversight and enforcement are essential tools for ensuring that rates, terms and conditions of service are just, reasonable, and not unduly discriminatory or preferential. Whereas regulatory and market means focus on establishing rules and policy, oversight and enforcement focus on increasing compliance of regulated entities and detecting and deterring market manipulation. The Commission's oversight and enforcement program takes proactive steps to detect problems in energy markets and to reduce the probability that violations of applicable laws, the Commission's regulations, or market rules will occur. FERC uses a balanced approach to oversight and enforcement efforts: conduct surveillance and analysis of market trends and data; promote internal compliance programs; employ robust audit and investigation programs; and, when appropriate, exercise the Commission's civil penalty authority to deter violations. FERC also makes certain market data transparent to the public and market participants so that market efficiency is promoted and anomalies and areas of concern may be identified and reported.

Market Oversight

Today's evolving natural gas and electric markets require increasingly sophisticated data collection and analysis for effective oversight. Both natural gas and electric energy are traded in a variety of ways in a variety of markets which range from extremely complex transactions, requiring in-depth and time consuming data analysis, to relatively straightforward one-to-one interactions. The Commission examines and monitors many elements of the physical energy markets, including the structure and operations of, and interaction between, the natural gas and electric markets, among other things. This regular monitoring of energy markets is designed to maintain market intelligence to identify market anomalies, participant misbehavior, and to promote market efficiency.

Market Monitoring and Surveillance

On an ongoing basis, Commission staff accesses and synthesizes a large variety and quantity of data to review market fundamentals, identify emerging trends, and perform ex-post analysis of past market-based rate authorizations and approved mergers and acquisitions. Commission staff reviews this information and develops intelligence on market events as they occur. Analyses of market data also create the ability to identify market outcomes that cannot be readily explained by supply and demand fundamentals. The Commission examines such anomalies to determine, among other things, whether they are indications of market power, or possible fraud or manipulation.

In an effort to improve the Commission's ability to identify market misbehavior as it happens, Commission staff continues the use of algorithmic screening methods to identify inappropriate market participant activity. This expanded screening allows the Commission to incorporate data already generated in the markets to more acutely determine market health. To enhance this ability, the Commission collects detailed market-participant level activity data from the RTOs, pursuant to Order No. 760. Commission staff also performs detailed transaction analysis throughout the lifecycle of market manipulation investigations. This forensic analysis, which requires the assessment of millions of lines of sensitive data, allows the Commission to create a complete picture of the trading activities under review. Commission staff is using natural gas market modeling software to aid in uncovering market participant behavior that may be of interest from an enforcement and market efficiency standpoint and is seeking to do the same with electric market software that will also aid the Commission in understanding the interplay between the gas and electric markets. The models will help the Commission achieve the next level of providing robust market oversight and surveillance.

Outreach and Communication

Commission staff develops and presents its analyses, 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.

Commission staff also holds quarterly conference calls with state energy officials to review developments in natural gas and power markets. Commission staff develops and posts on the Commission website various graphs and charts providing the public with easy access to market fundamentals. This process provides the public and state regulators access to and understanding of market information that they may not otherwise obtain and affords the Commission the opportunity to learn of relevant state-level developments.

During FY 2016, Commission staff will meet with natural gas pipelines and shippers to discuss liquidity underlying price indices used in natural gas pipeline contracts.

Transparency

In order to meet its statutory obligations under the Federal Power Act, the Natural Gas Act, and the Interstate Commerce Act, the Commission requires that companies participating in markets under its jurisdiction submit annual and quarterly reports regarding jurisdictional sales, financial statements, and operational data. This information is used by the Commission and market participants for a variety of purposes, including evaluating whether existing rates continue to be just and reasonable and for indications that public utilities have obtained market power.

Of note is the Electric Quarterly Report which provides the Commission and the public a record of each transaction under the Commission's jurisdiction in the electric market. Electric Quarterly Report filings are used for ex-post analysis of entities with market based rate authority. The Commission staff also analyzes the Electric Quarterly Report data to identify participant level activities in the electric market. The Commission staff is currently enhancing aspects of the ex-post analysis to include use of other data streams to create a more comprehensive analysis.

Pursuant to Order No. 768, to increase transparency and to adapt to changes in the market, the Commission is collecting Electric Quarterly Report submissions from market participants that are excluded from the Commission's jurisdiction under FPA section 205 and that have more than a de minimis market presence. These added data strengthen the Commission's ability to identify potential exercises of market power or manipulation and aids the Commission in the evaluation of applications for market-based rates, proposed mergers and acquisitions, and enforcement proceedings.

In response to a petition for rulemaking filed by several oil pipeline shippers asking the Commission to require changes to the annual reports filed by oil pipeline companies, in FY 2015, Commission staff held a technical conference to discuss the issues raised in the petition. Subsequently, entities filed comments on the petition. In FY 2016, Commission staff will evaluate the comments and recommend what additional action, if any, the Commission should take in response to the petition.

Audits

The Commission will continue to use audits to work actively to identify and appropriately address areas of risk. The Commission conducts a variety of audits including, but not limited to, compliance, operational, and financial audits. These audits are undertaken to ensure that jurisdictional companies comply with the Commission's authorizing statutes, orders, rules, and regulations. Also, audits of jurisdictional entities are performed to address accountability, transparency, and any other objectives and goals of the Commission. To enhance industry compliance, the Commission staff reviews jurisdictional entities' compliance programs and provides guidance on enhancing these programs. The Commission will continue to use a risk-based approach in the preparation of its annual audit plan to address areas of highest priority identified by the Commission.

In FY 2015, the Commission completed 22 audits of public utilities and natural gas pipelines. These audits resulted in 360 recommendations for corrective actions and directed over $26.3 million in refunds and recoveries. The recommended corrective actions improve and strengthen jurisdictional companies' compliance programs. The major topic areas of the Commission's FY 2016 audits and those anticipated for FY 2017 include: Order No. 1000, oil pipeline carriers, market-based rates, RTOs/ISOs formula rates, mergers and acquisitions, gas pipeline tariffs, nuclear decommissioning, open access transmission tariffs, affiliated transactions, and accounting and reporting audits.

Implementation of Recommendations

The Commission continues to stress the importance of timely implementation of audit recommendations. Prompt implementation of recommendations ensures that potential risks or negative impacts of noncompliance are minimized and any refunds are promptly returned. Timely implementation of recommendations also demonstrates a commitment to improve compliance with FERC precedents and strengthen regulatory operations and internal compliance programs. Finally, timely implementation evidences a stronger compliance culture within a company, lowering the risk of future noncompliance.

Outreach

The Commission continues to stress the importance of having a robust compliance program and the timely implementation of audit recommendations, and to discuss trends of noncompliance at industry conferences, meetings, and speaking engagements and in the annual Report on Enforcement. The Commission will continue to engage in formal and informal outreach efforts to promote effective compliance programs and work to ensure that jurisdictional companies properly implement recommended corrective actions.

As a result of these efforts, the Commission anticipates that potential risks of noncompliance will be minimized and any refunds will be promptly issued. The Commission further expects that emphasizing prompt implementation of recommendations and robust compliance programs will lead to a greater culture of compliance and will lead to entities actively addressing and minimizing areas of systematic noncompliance. In support of these goals, the Commission will strive for prompt implementation of the recommendations in its reports.

Accounting

The Commission processes accounting filings timely and analyzes accounting matters in other filings submitted by regulated entities to ensure compliance with Commission accounting and related financial reporting regulations and to bolster the accuracy, transparency, and usefulness of accounting information for the Commission, regulated entities, and interested parties in the development and oversight of rates. The Commission's accounting program is an instrumental component in ensuring that rates established for jurisdictional companies are just and reasonable and not unduly discriminatory or preferential. The program is designed to evaluate financial, market, and other information filed or reported to the Commission for compliance with the Commission's accounting rules. Additionally, the program will modify its accounting and financial reporting rules, as necessary, to support the development and oversight of rates. The accounting function also is engaged in, and informs the Commission of, emerging accounting issues that affect jurisdictional industries such as the proposed changes in U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. The Commission also provides informal accounting guidance related to various aspects of Commission accounting, financial reporting, and record retention regulations. These inquiries come from jurisdictional entities, industry stakeholders, and consultants, as well as through the Commission's Compliance Help Desk, Office of External Affairs, Enforcement Hotline, and other Commission offices.

Outreach and Communication

The Commission is also actively engaged in emerging accounting issues that affect jurisdictional industries such as the U.S. Securities and Exchange Commission's pending decision that may require U.S. companies to adopt International Financial Reporting Standards; the International Accounting Standards Board's project on Rate-Regulated Activities; and the impacts of changes to the natural gas and oil industries related to pipeline integrity management testing requirements imposed by other regulators. The Chief Accountant and other Commission staff also regularly engage in informal meetings with representatives of the regulated industries to discuss relevant accounting topics and Commission actions. Additionally, topics of wide generic interest to the industries are highlighted in the annual Report on Enforcement to better inform them of areas of high risk of noncompliance that the Commission addressed in the current fiscal year.

Investigations

In FYs 2016 and 2017, the Commission will continue to focus on the following investigation and enforcement priorities:

- Fraud and market manipulation;
- Anticompetitive conduct;
- Serious violations of Reliability Standards; 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 and, therefore, to the Commission's efforts to ensure just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions. Further, anticompetitive conduct and behavior that threatens market transparency undermines the confidence that market participants and consumers have in the energy markets.

While most 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 violate 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, including in the annual Report on Enforcement. The Commission staff also has regular interactions with regulated entities, conducts outreach efforts, encourages companies to implement effective compliance programs, and releases reports of investigations of alleged fraud or manipulation, when appropriate. Moreover, if Commission staff finds a violation after the non-public investigation, matters become public through a notice of alleged violations, an order approving settlement or an order to show cause. 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. During FY 2015, the Commission approved settlements in six investigative matters. These FY 2015 settlements amounted to over $26.25 million in civil penalties, nearly $1 million in disgorged unjust profits plus interest. A substantial portion ($17.4 million) of the civil penalties in three of these settlements was offset by the companies' agreement to make additional investments that will enhance reliability of the grid. The Commission also issued Orders Assessing Civil Penalties in three Federal Power Act-related investigations, ordering assessed penalties of over $49 million.

In FY 2015, a hearing before an Administrative Law Judge was conducted on an investigation of BP America, Inc. for alleged market manipulation involving natural gas trading. The hearing concluded on April 15, 2015, and the Administrative Law Judge issued her Initial Decision on August 13, 2015. Currently pending in federal district court are reviews of Orders to Show Cause issued in FY 2013 against Barclays Bank, PLC and some of its traders for engaging in market manipulation involving the trading of electricity contracts, and against Lincoln Paper and Tissue, LLC, Richard Silkman, and Competitive Energy Services, LLC, for fraud in participation in an RTO's demand response program. Also pending in federal district court are reviews of Orders Assessing Civil Penalties issued in FY 2015 against Maxim Power Corporation, Maxim Power (USA) Inc., Pawtucket Power Holding Co., LLC, Pittsfield Generating Company, LP, and Kyle Mitton, for fraud in the collection of make-whole payments, and against Houlian Chen, Powhatan Energy Fund, LLC, HEEP Fund, LLC, and CU Fund, Inc. for fraud in the collection of marginal loss surplus allocation payments in PJM energy markets.

In FY 2015, Commission staff issued four notices of alleged violations, opened 19 new investigations and brought 22 investigations to closure. The length of an investigation depends upon its nature and complexity; some close in a few months while others may be ongoing for multiple years. From time to time, the Commission also brings subpoena enforcement actions in federal district court, when appropriate, against entities who do not comply with investigation requests.

The Commission continues to receive self-reports of violations from regulated entities and market participants, many of which are resolved without any sanctions. In FY 2015, the Commission received 122 such self-reports. Information gathered from these self-reports is provided to the public and regulated entities in the Commission's annual report on enforcement activities, which is released following the close of the fiscal year.

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.

In FY 2015, the Commission opened 195 Enforcement Hotline matters, most of which resulted in prompt, informal resolution. Of these, nine are still pending.

Performance Goal 1.2.1

Audit recommendations are implemented within six months of issuance

Description

FERC issues audit reports to regulated entities that include a number of recommendations for corrective actions. These recommendations enforce FERC's regulations of the interstate transmission of electricity, natural gas, and oil. The desired outcome is timely implementation of audit recommendations because it ensures greater compliance with Commission regulations and re-enforces a strong compliance culture throughout the industry.

Although a significant majority of recommendations can be implemented within six months, the timeline for completing corrective actions for certain recommendations may exceed the six month target, especially if they involve significant changes to current practices, polices, or procedures (e.g., major software upgrades). FERC considers a recommendation implemented when a company has been presented with the recommendation and it has fully implemented the recommended corrective action or, for particularly complex recommendations, the company has actively and continuously taken steps to implement the recommendation.

Fiscal Year	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percentage of audit recommendations implemented within six months of issuance	Data not available	96%	95%	92%	95%	96%	95%	95%	95%
FY 2015 Target: Met									

Analysis

In FY 2015, 96 percent of the 308 recommendations issued by FERC were implemented within a six month timeframe.

Achieving the future target results is anticipated to be challenging for several reasons. For example, the Commission is undertaking audits of increasing complexity. As a function of more complex audit topics, the recommendations will likewise be more complex and time consuming. Larger and more complex audits will translate into fewer audit completions and potentially fewer recommendations. This means that the actions, or inactions, of one company have a far greater influence on the measure. The long-term effects of these developments remain to be seen; however, maintaining a high goal of 95 percent reflects our effort to maintain a consistently high level of performance.

GOAL 2

PROMOTE SAFE, RELIABLE, SECURE, AND EFFICIENT INFRASTRUCTURE

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

INTRODUCTION

The NGA and FPA, among other statutory authorities, charge the Commission with the responsibility to promote the development of strong and secure energy infrastructure that operates safely, reliably, and efficiently. The Commission authorizes the construction and operation of interstate natural gas pipelines and storage projects, LNG facilities, and non-federal hydropower projects. Other Commission responsibilities include ensuring the safety of non-federal hydropower projects and ensuring compliance with Commission-imposed conditions on non-federal hydropower projects and LNG facilities throughout their entire life cycle; overseeing the development and review of, as well as compliance with, mandatory reliability and security standards for the bulk power system; and collaborating with regulated entities and other federal and state governmental agencies to identify and seek solutions to cyber and physical threats to FERC-jurisdictional infrastructure.

Strategic Goal and Objectives (Dollars in thousands)		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Percent Change FY 2016 to FY 2017
Objective 2.1	**FTE**	252	257	257	0.0%
	Funding	57,298	62,333	66,076	6.0%
	Program	43,493	47,666	50,181	5.3%
	Support	13,806	14,668	15,895	8.4%
Objective 2.2	**FTE**	238	243	243	0.0%
	Funding	52,959	55,118	57,500	4.3%
	Program	39,899	41,228	42,448	3.0%
	Support	13,060	13,890	15,052	8.4%
Goal 2 Subtotal	**FTE**	**490**	**500**	**500**	**0.0%**
	Funding	**110,257**	**117,451**	**123,576**	**5.2%**
Application of PY Budget Authority		-	(4,055)	-	
Goal 2 Total	**Funding**	**110,257**	**113,397**	**123,576**	**9.0%**

Note: Numbers may not add up due to rounding.

Objective 2.1

Foster economic and environmental benefits for the nation through approval of natural gas and hydropower projects.

Demand for natural gas in the United States is at its highest levels on record, and natural gas production continues to increase due to the development of shale gas.[4] Among its many uses, natural gas is a substantial and growing resource for electric power generation, in part due to the current low price of natural gas. The responsible development of interstate natural gas infrastructure—pipelines, storage, and LNG facilities—is a critical link in ensuring that natural gas supply can reach market areas.

Interest in developing hydropower projects has also increased, in part because hydropower 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 environmental protection and enhancement, water supply, irrigation, recreation and flood control.

Natural Gas and LNG Programs

Pre-Filing and Applications

As part of the natural gas pipeline certificate and LNG facility authorization process, the Commission reviews applications to ensure that the proposals are in the public interest. The established pre-filing process engages stakeholders in the identification and resolution of concerns prior to a company filing a formal application with the Commission. Commission staff's participation and initiative in these efforts allows for the filing of more complete applications. Once the application is filed, the Commission is committed to the expeditious completion of the required environmental review consistent with the NEPA. At the same time as the environmental review is occurring for natural gas pipeline applications, the Commission is also performing an engineering analysis of proposed facilities and reviewing the application to establish initial recourse rates, as well as to ensure that the proposed tariff complies with the Commission's policies and regulations. The Commission assesses applications for embedded accounting issues in pipeline construction, acquisition, and abandonment transactions, and Commission staff will identify deficiencies in proposed accounting practices and recommend appropriate corrective action. These accounting reviews in certificate filings provide greater certainty to pipelines by providing upfront guidance on accounting entries. Together, these activities enable more efficient and expeditious determination by the Commission.

In FY 2015, 45 percent of major pipeline projects used the voluntary pre-filing process.[5]

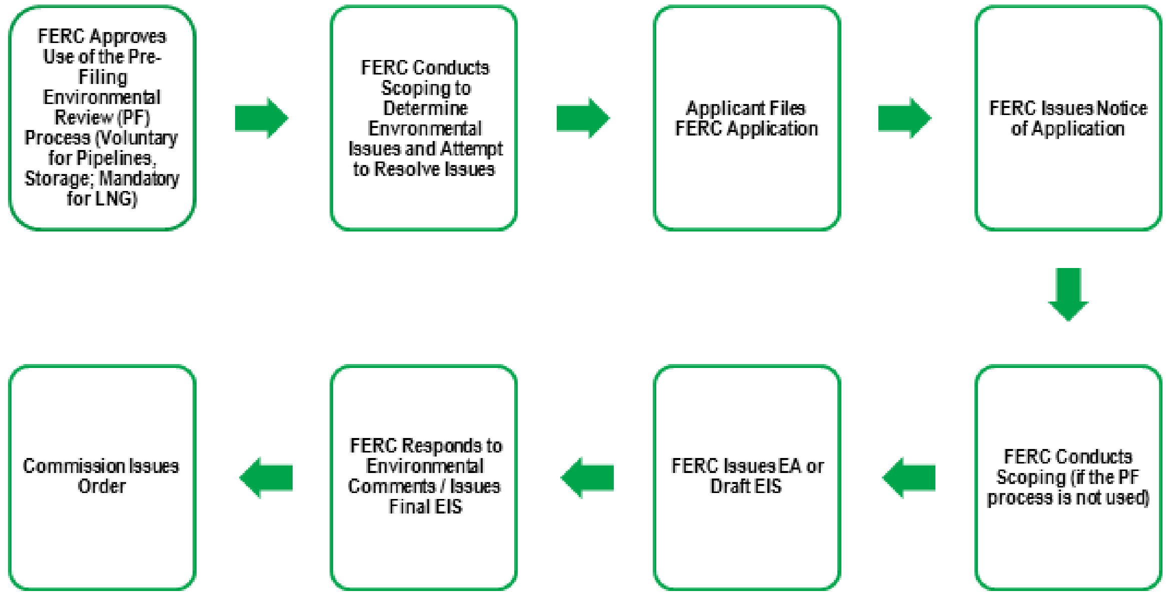
Of the projects that used the pre-filing process, all but one of the environmental documents were issued by Commission staff within eight months of determining that the application was complete. During this same time, the Commission authorized 43 major natural gas pipeline projects, which resulted in approximately 667 miles of additional pipeline and over 467,000 horsepower of mainline compression. Four storage projects were also authorized, resulting in approximately 3 billion cubic feet of working gas capacity. As the supply and market areas continue to develop and expand, the Commission expects the number of natural gas pipeline project applications to increase in FY 2017. In addition, the increase in the demand for gas-fired electric generation and new or expanded manufacturing is spurring the development of greenfield projects.

In FY 2015, the Commission conducted the pre-filing review of 15 LNG projects, consisting of both new LNG terminals and modifications of existing LNG facilities. Three of those projects subsequently filed applications, and the remaining 12 are in pre-filing environmental review process. In addition to other pending LNG projects, this resulted in the Commission's processing of 16 applications for new LNG facilities or modifications to existing LNG facilities. Based upon industry filings with the Department of Energy and industry information provided during pre-filing meetings with Commission staff, the Commission expects 10 LNG export terminal applications and one LNG peak-shaving facility application to be under review by the Commission through FY 2017.

[4] Shale is a fine grained sedimentary rock which can contain natural gas. Hydraulic fracturing of this rock may release trapped natural gas that can be produced and shipped to consumers. Geologic formations containing shale gas occur throughout the country and are referred to as shale plays.

[5] Use of the pre-filing process is mandatory for LNG projects.

Process for Natural Gas Certificates



Outreach

The Commission regularly conducts natural gas environmental training seminars to provide guidance and insight on the Commission's environmental review process and compliance-related matters. These sessions, which provide an opportunity for open dialogue between Commission staff and stakeholders, are attended by state, local and federal agency officials, natural gas company representatives, construction contractors, and consulting firm staff. These sessions provide information on the filing requirements for environmental reports, reporting requirements for blanket certificate projects, new regulations, overview of the Commission's baseline construction and mitigation measures, and more. The seminars are instrumental in developing the understanding of and successful adherence to the Commission-issued certificates and authorizations. In FY 2015, Commission staff conducted four training seminars and participated in several outreach sessions to natural gas companies and federal permitting agencies, addressing the Commission's certificate and environmental review processes. In FY 2017, the Commission proposes to conduct four seminars.

In FY 2015, Commission staff compiled Suggested Best Practices for Industry Outreach Programs to Stakeholders with the goal of effectively engaging stakeholders to identify and resolve issues over the entire course of the FERC project review process. The document was developed based on staff experience and with the input from natural gas companies with proactive outreach programs.

Commission staff has also continued to extend its outreach efforts to Native American tribes to enhance their participation in the Commission's environmental review process. In FY 2015, contacts were made with 74 tribes and meetings were held with six tribes. These included Commission staff's participation in several meetings with representatives of various Indian tribes in the New England Region interested in the review of natural gas projects. In addition, Commission staff provided a training seminar attended by tribal representatives and representatives of the natural gas industry entitled "Commission's Section 106 Process and Tribal Consultation for Natural Gas Facilities," and consulted Native American tribes in an effort to update the Commission's Guidelines for Reporting on Cultural Resources Investigations for Pipeline Projects, dated December 2002.

Alaska Natural Gas Pipeline Project

In FY 2015, Commission staff engaged in the pre-filing review of the Alaska LNG Project, which consists of a planned LNG export terminal and associated pipeline facilities. As part of the pre-filing review, staff attended and participated in Alaska LNG's open house meetings, received and reviewed the first full set of draft resource reports, issued a Notice of Intent to initiate formal scoping, initiated government-to-government consultations with Native Alaskans, conducted field reviews, and participated in numerous interagency meetings. If the project sponsors file a formal application for the Alaska LNG Project in FY 2017, as projected, Commission staff will promptly identify any remaining data gaps, and begin preparing a draft environmental impact statement.

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.

Hydropower Program

Pre-Filing and Applications

The pre-filing process typically begins three years prior to the filing of a license application.[6] Throughout this process, Commission staff consults with stakeholders to identify issues, develop study plans, address any issues, and ensure that the licensing proposal is complete by the time the application is filed. The Commission anticipates 94 pre-filing processes in FY 2017. In the course of these processes, the Commission expects its staff to attend 105 scoping and study plan meetings, a 176 percent increase from FY 2015, and to participate in numerous tribal consultations.

Commission staff conducts NEPA environmental analyses for all hydropower project applications. The Commission is responsible for ensuring that the environmental document analyzes the project's effects on potentially affected resources, including geology and soils, aquatic resources (including water quality), terrestrial resources, threatened and endangered species, recreation, land use and aesthetic resources, cultural resources, and examines alternatives and makes recommendations for protection, mitigation, and enhancement measures to be included in any license issued. In FY 2015, Commission staff issued 26 draft and final environmental documents. Commission staff issued 20 final environmental documents, on average about 13 months after the date that reply comments were due on the Notice of Ready for Environmental Analysis; all but three were issued within 24 months of when reply comments were due. The Commission expects its staff to issue about 40 environmental documents and participate in 10 post-filing public meetings associated with its environmental analysis of applications in FY 2017. The Commission expects to increase the use of the hydropower environmental and engineering services contract to respond to the anticipated increase in workload.

[6] The Federal Power Act requires that a relicense application must be filed with the Commission no later than two years before the license expires.

In FY 2015, the Commission acted on 15 applications representing a total capacity of 780 megawatts. In FY 2015, the Commission received seven license applications of which six were for original projects and the remaining one was for a project with an expiring license. In FY 2017, the Commission expects to receive 10 original applications due to a continued interest in developing new projects, and 17 relicense applications.

In addition to license applications, the Commission processes preliminary permit applications and monitors compliance with issued permits. 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. In FY 2015, there were over 150 permits in effect.

The Hydropower Regulatory Efficiency Act of 2013 made a number of changes regarding the Commission's regulation of hydropower projects, such as directing the Commission to investigate the feasibility of a two-year licensing process for hydropower development at non-powered dams and closed-loop pumped storage projects. Consistent with this directive, in FY 2014, the Commission solicited public opinion; developed a two-year process plan, schedule, and criteria for identifying projects that may be appropriate for a two-year licensing process; and approved one conventional hydroelectric pilot project to test a two-year licensing process. In FY 2015, the Commission received and accepted a license application for the approved pilot project to test a two-year process. In FY 2016, the Commission anticipates completing the processing of the license application for the two-year process and reporting to Congress on the results of these efforts.

The Hydropower Regulatory Efficiency Act also exempts certain conduit hydropower facilities from the licensing requirements of the Federal Power Act. The Commission is required to determine whether proposed projects meet the criteria to be considered "qualifying conduit hydropower facilities." Qualifying conduit hydropower facilities are not required to be licensed or exempted by the Commission, however, any person, State, or municipality proposing to construct a facility that meets the criteria must file a Notice of Intent to Construct a Qualifying Conduit Hydropower Facility with the Commission. In FY 2015, the Commission issued 33 letters on these qualifying conduits. In FY 2017, the Commission expects to issue 20-30 qualifying conduit letters.

Outreach

In the past several years, Commission staff has held workshops to assist licensees with specific issues. In FY 2015, staff held a Shoreline Management Workshop in Bend, Oregon that was attended by over 90 individuals representing approximately 60 licensees from across the country to discuss shoreline uses and management along the reservoirs. Staff also held a recreation workshop in Ontario, California to assist licensees in completing the Commission's Licensed Hydropower Development Recreation Report (Form 80), which tracks recreational amenities and use at hydropower projects; developing recreation plans and monitoring use, and ensuring public safety at the sites. In addition, staff has been working with a number of licensees on-site to review recreation plans and compliance. These workshops and site visits also provide an opportunity to discuss innovations and trends in public recreation, as well as discuss safety of recreation users. Based on the feedback from these workshops and site visits, Commission staff anticipates providing additional recreation and shoreline management workshops and site visits in FY 2017.

The Commission also regularly conducts hydropower licensing training sessions to provide guidance on how to obtain a license or exemption and how to effectively participate in the licensing and exemption processes. The sessions are typically attended by prospective licensees, federal and state natural resource agency personnel, Indian tribes, and members of the public, and cover such topics as what licensing process to use, when to file comments and recommendations for license or exemption conditions, and how to officially intervene in a license or exemption proceeding. In FY 2015, Commission staff conducted outreach sessions with Indian tribes, federal and state agencies, and hydropower industry personnel to prepare for an increasing relicensing workload beginning in FY 2016.

Shoreline Management and Recreation

Licensees may, with Commission approval, authorize specific uses and occupancies of the licensee-controlled lands along the project reservoir shoreline that are not related to hydroelectric power production or other project purposes. Examples of non-project uses include, but are not limited to: commercial marinas, private residential boat docks and marinas, shoreline erosion control structures, water withdrawal facilities, utility lines, access roads, bridge crossings, and significant dredging activities. In FY 2015, Commission staff processed 54 applications for non-project uses of project lands and waters. Commission staff is seeing fewer applications for new facilities, but is seeing an increase in the number of applications for reconfigurations and/or improvements at already approved existing facilities (24 of the 54 applications). These applications seek to reduce the number of large docks to allow for an increase in docking slips for smaller boats and/or personal watercraft (PWCs). Commission staff is also processing requests for changes/reductions to previously approved facilities where marinas are seeing less demand for docking locations.

In order to ensure that licensees properly manage licensee-owned lakeshore lands, some licensees prepare and file shoreline management plans. A shoreline management plan is essentially a land use plan, in which a licensee, in consultation with stakeholders and subject to Commission approval, determines what types of development and environmental protection are appropriate on the licensee's shoreline lands. Shoreline management plans typically guide development and use of project shorelines for recreation, habitat protection, erosion control, and other uses. Not all projects require shoreline management plans; these plans are generally required where it appears that the project's shoreline may be subject to competing developmental pressures such that public access or environmental resources are at risk. A shoreline management plan is only applicable to lands owned or controlled by a licensee, and has no effect on privately-owned lands in which a licensee has no interest.

Performance Goal 2.1.1

Hydropower and Natural Gas Orders Issued Within Established Timeframes

Description

FERC-regulated entities must obtain authorization before beginning the construction of natural gas pipeline, natural gas storage, LNG, and hydropower facilities and before implementing measures required from relicensing a hydropower facility. In order to maximize both the economic and environmental benefits of these projects, the Commission must process applications in an efficient and timely manner and ensure that its authorizations are based on thorough environmental analysis. FERC has established timeframes that balance the competing demands of timeliness and thorough analysis.

Fiscal Year	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percent of hydropower orders issued within 24 months	Data not available	80%	94%	75%	75%	75%
FY 2015 Target: Met						
Performance Indicator: Percent of natural gas orders issued within the appropriate timeline depending upon the category of the filing	Data not available	92%	88%	90%	90%	90%
FY 2015 Target: Not Met						

Analysis

The FY 2015 result reflects the Commission's emphasis on consistently meeting its established timeframes in order to maximize the economic and environmental benefits of the proposed for hydropower and natural gas pipeline projects. While each program is required to conduct thorough analysis in an efficient and timely manner, the processes in which to do so have different elements and unique requirements.

In FY 2015, the Commission expected to issue 75 percent of hydropower orders within 24 months of issuance of either the Ready for Environmental Analysis Notice or the Notice of Application (as appropriate) when all required agency materials have been received. For the 13 hydropower applications where required agency documentation was filed prior to the issuance of the NEPA document, 100 percent of the orders were issued within 24 months from the date of Ready for Environmental Assessment notice or the Notice of Application is issued by the Commission. For the four hydropower applications where required agency documentation was filed after the issuance of the NEPA document, 75 percent of the orders were issued within 24 months from the date of the filing of final required documentation by the agencies. In total, 16 out of 17, or 94.1 percent of hydropower orders were issued within the established timeframe.

Gas orders are separated into four categories, based on scope of the facilities proposed and complexity of the case. Each category has a separate established timeframe, allowing additional time for increasing scope and complexity. In FY 2015, 51 out of 58, or 88 percent of gas orders were issued within the established timeframes. Applications that utilized the pre-filing process effectively, providing robust applications with a well-defined/finalized project, thorough and complete responses to all comments made during the scoping period and on the draft resource reports, and who consulted with other agencies early in the process were issued timely. All of the untimely orders involved facilities that were larger in scope and complexity. Three of the seven orders that did not meet the established timeframe required several requests for additional information to be provided by the applicants, and/or significant changes to the project or new information was provided after the applicant filed its application. Three of the seven untimely orders required the applicant to coordinate with the U.S. Department of Transportation before FERC could issue the NEPA document and proceed with issuing an order. Two of the seven cases involved extensive protests or significant conflict over land use/siting between the applicant and another utility, both requiring additional time to resolve. Another factor in four of the seven orders issued untimely was several changes in Commission staff evaluating the projects. The Commission continues to emphasize the value of the pre-filing process and has taken action to ensure transitions to different staff, if needed, occurs more seamlessly.

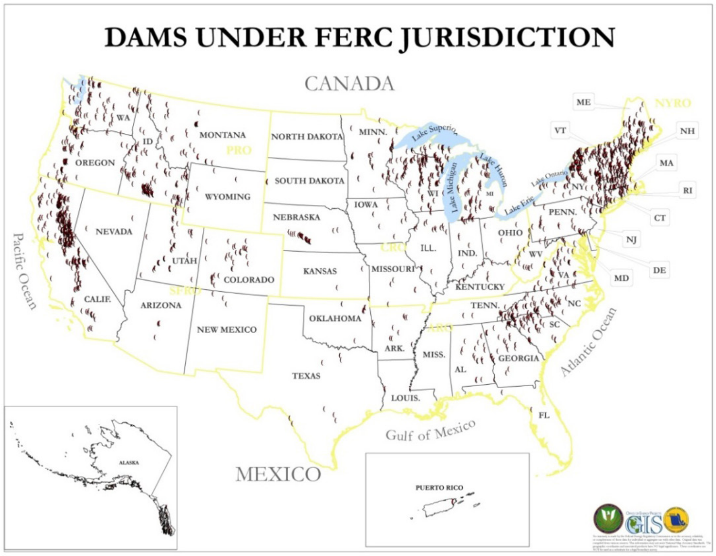
Objective 2.2

Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

In addition to reviewing applications and issuing orders with respect to construction, operation, and modification of natural gas facilities and non-federal hydropower facilities, the Commission has other responsibilities concerning energy infrastructure subject to its jurisdiction. For LNG facilities, the Commission evaluates the design of proposed facilities to assess whether the facilities would have a public safety impact, and ensures that appropriate mitigation or protection measures are included in the design. These responsibilities also include ensuring the safety of non-federal hydropower projects throughout their entire life cycle; overseeing the development and review of, as well as compliance with, mandatory reliability and security standards for the bulk power system; and collaborating with regulated entities and other governmental agencies at the federal and state levels to identify and seek solutions to threats to FERC-jurisdictional infrastructure from cyber and physical attacks. Through these actions, the Commission minimizes risks to the public associated with jurisdictional infrastructure.

Hydropower

Failure of a non-federal hydropower project potentially can result in significant safety, environmental and economic consequences. To fulfill its responsibility for ensuring the safety of these facilities, the Commission relies on physical inspections for detecting and preventing potential catastrophic structural failures, thereby protecting the public against the risk associated with such an event. Commission engineers are highly trained and work closely with local and other federal officials at all stages of project development and operation. Before projects are constructed, the designs, plans, and specifications of the proposed facility are reviewed and approved. Through regularly scheduled and comprehensive inspections during construction and operation, Commission engineers verify that dams meet stipulated design criteria, identify necessary remedial modifications or required maintenance, and ensure compliance with requirements. This approach allows the Commission to ensure the safety of the public, as well as the continued operation of the facilities to meet the energy demands of the nation. In FY 2017, the Commission expects to conduct approximately 2,100 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. The guidelines include 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 of the dam safety program is the emergency action plans, which are required for all jurisdictional dams. Emergency action plans require the development, maintenance, and periodic testing of project-specific plans for emergency response, including ensuring coordination and cooperation among the dam owners, state and local emergency management agencies, and the Commission.

The Commission also requires comprehensive inspections and engineering evaluations of the 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 200 independent consultant reports 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 2017.

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

Hazard Potential Classification	Possible Effects	Inspection Schedule
High	Loss of human life	Annually
Significant	Environmental and economic loss	Annually
Low	None Expected	Every 3 years

Risk-informed decision making provides 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 projects, and guide remediation projects to provide an overall reduced level of risk to the public. In FY 2017, the Commission will continue implementation of Risk-informed decision making through pilot projects, and continue to train Commission staff, dam owners, and consultants in risk assessment procedures, methodologies and tools. Refinement of the guidelines and procedures will continue to be carried out in an open, collaborative process with representatives of the hydropower industry, including Commission-regulated licensees. These efforts will run parallel to the traditional dam safety inspections and together will ensure public safety.

Liquefied Natural Gas

The Commission's LNG review and oversight program evaluates the design of proposed LNG facilities to assess whether the facility would have a public safety impact. This is done through a comprehensive environmental and engineering review process that includes working very closely with other federal agencies such as the U.S. Coast Guard and the Department of Transportation, which establish and enforce the LNG safety and security standards. If a facility is authorized, the Commission is responsible for conducting inspections during construction and subsequently, during facility operation, to ensure compliance with the requirements included in the Commission authorization. While facilities are under construction, Commission engineers conduct inspections at least once every eight weeks. In FY 2015, 29 inspections were conducted at the four terminal expansions and one new LNG terminal under construction. At a minimum, 35 construction and pre-operational inspections are anticipated for both FYs 2016 and 2017. The FY 2017 number may also increase depending on market conditions, as well as the number of approved LNG export facilities that move forward with construction 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 2015, 15 operational inspections were conducted at six peak-shaving facilities and nine LNG terminals. The number of operational inspections is expected to be 14 in FY 2017.

Reliability of the Bulk Power System

EPAct 2005 amended the FPA to charge FERC with overseeing the development and enforcement of mandatory reliability standards applicable to the bulk power system through an ERO. The Commission draws on the substantial experience of its staff, including electrical engineers with many years of experience in the utility industry, to facilitate its oversight of those standards. Commission staff analyzes standards proposed by the ERO to determine whether those standards support the reliable operation of the grid. Once the standards are approved, the Commission oversees the compliance with and enforcement of reliability standards that apply to all users, owners and operators of the bulk power system. The Commission also reviews major blackouts and events to determine whether standards were violated or should be changed to help prevent future blackouts. In addition to conducting its own audits, investigations, and enforcement actions, the Commission oversees audits, investigations, and proposed penalties of the ERO and the ERO regional entities to help ensure that their efforts will result in strong compliance with mandatory standards. The Commission also communicates with various federal and state agencies, international entities and industry participants on emergency reliability and security issues.

The Commission will continue to encourage innovative approaches to system reliability, security, and resilience that will improve the bulk power grid's ability to withstand and recover from abnormal events.

Reliability Standards

The Commission monitors and participates in the development of mandatory Reliability Standards for the North American bulk power system, primarily through regulatory oversight of the ERO and the eight Regional Entities.

The ERO, among other tasks, is responsible for proposing mandatory Reliability Standards and interpretations of approved standards that provide for reliable operations of the bulk power system for the Commission's review and approval. All Reliability Standards and interpretations must be submitted for Commission approval in order to become mandatory and enforceable in the continental United States.

The ERO develops these 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. The Commission does not have statutory authority to write Reliability Standards. If the Commission does not approve a Reliability Standard or interpretation filed, it may 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 Critical Infrastructure Protection (CIP) Reliability Standards. The Commission previously approved Version 5 of the CIP Reliability Standards, which focuses on cyber security, while concurrently directing modifications. In February 2015, the ERO submitted a proposal to modify the CIP Reliability Standards, seeking approval of additional reliability standards and security controls to address Commission directives. In July 2015, the Commission issued a Notice of Proposed Rulemaking on the ERO's proposal. In addition, the Commission's Notice of Proposed Rulemaking proposed the development of a new Reliability Standard for supply chain management security controls to protect the bulk electric system from security vulnerabilities and malware threats. Commission staff intends to provide continuing support to oversee the development of these revised and new cyber security Reliability Standards through FY 2017, including attendance of a technical conference on CIP supply chain risk management issues in January 2016. Commission staff will also undertake through FY 2017 the processing of subsequent compliance filings, as well as several oversight activities to support the transition to compliance with the revised Reliability Standards.

A review of bulk power system disturbances and risks may necessitate development of a new Reliability Standard or modifications to the existing Reliability Standards. For example, during FY 2013 the Commission approved a Final Rule directing the ERO to develop a set of Reliability Standards to address the impact of geomagnetic disturbances (GMD) on the bulk power system in two stages. In November 2013, the ERO submitted a Geomagnetic Disturbance (GMD) Operations Reliability Standard (Stage 1). In June 2014, the Commission issued a Final Rule approving the GMD Reliability Standard. In January 2015, the ERO submitted the Stage 2 Reliability Standard (Transmission System Planned Performance for Geomagnetic Disturbance Events). In May 2015, the Commission issued a Notice of Proposed Rulemaking to approve the Stage 2 Reliability Standard with modifications. Commission staff's processing of the Stage 2 Reliability Standard will be undertaken through early FY 2016.

The Commission issued a Final Rule in early FY 2013 approving the ERO's proposed revisions to the Reliability Standard for Vegetation Management. This Reliability Standard was developed to protect the bulk power system against vegetation-related transmission outages. In the Final Rule, the Commission directed the ERO to obtain empirical data on the appropriate clearance distances between vegetation and transmission lines for various voltage ratings. In August 2015, the ERO submitted to the Commission a technical report of the analysis of this empirical data, which concluded that the Minimum Vegetation Clearance Distances (MVCD) in the proposed Reliability Standard, based on a gap factor of 1.3, should be increased, and the corresponding gap factor reduced to a more conservative value of 1.0. In FY 2016, the ERO expected to modify the reliability standard to reflect the results of the empirical data analysis. Commission staff's oversight of the effort, as well as the processing of any subsequent filings, is expected through early FY 2017.

In November 2013, the Commission issued a Notice of Proposed Rulemaking to remand the ERO's proposed revisions to the Transmission Operations and Interconnection Reliability Operations and Coordination Standards. The Transmission Operations Reliability Standards address the reliability goal of ensuring that the transmission system is operating within appropriate limits. The Interconnection Reliability Operations and Coordination Standards detail the responsibilities and authorities of a reliability coordinator. In March 2015, the ERO filed revisions to the standards in response to the Notice of Proposed Rulemaking. In November 2015, the Commission issued a Final Rule approving the ERO's revisions to the Transmission Operations and Interconnection Reliability Operations and Coordination Standards and directed the ERO to make modifications to the standards. Commission staff's oversight of the ERO's efforts to address the concerns identified in the Final Rule will be ongoing through early FY 2017.

The Commission issued a Final Rule in April 2015 approving the ERO's revisions to the Reliability Standards for Communications and Operating Personnel Communications Protocols. The Reliability Standards were developed to enhance reliability by, among other things, requiring adoption of predefined communication protocols, annual assessment of those protocols and operating personnel's adherence thereto, training on the protocols, and use of three-part communications. In the Final Rule, the Commission directed the ERO to develop a modification to the Communications Reliability Standard that addresses internal communications capabilities that could involve the issuance or receipt of Operating Instructions or other communications that could have an impact on reliability. Commission staff's oversight of the ERO's development of directed modifications is expected through FY 2016.

The Commission will continue to explore ways to improve the efficiency and effectiveness of the Reliability Standards development and implementation process. For example, the Commission annually holds a reliability technical conference to discuss the state of reliability, ERO performance and emerging issues related to the bulk power system. Also, Commission and ERO staff initiated a joint staff review to assess and verify the electric utility industry's bulk power system recovery and restoration planning, and to test the efficacy of the relevant Reliability Standards in achieving and maintaining reliability. Staff selected a sample of registered entities with bulk power system significance to participate in the voluntary review, which will be completed in FY 2016 and may result in recommendations to modify existing Reliability Standards.

Reliability Compliance and Enforcement

The Commission monitors and participates in the enforcement of the Reliability Standards, primarily through its oversight of the ERO and Regional Entities. As part of that role, the Commission monitors the ERO's reports on the performance of the bulk power system from information gathered from the ERO, Regional Entities, and registered entities.

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 and meetings with a goal of facilitating higher levels of bulk power system reliability. Similarly, the Commission staff routinely coordinates with the ERO regarding technical and process issues relating to event analyses, investigations, violations, and mitigation activities.

The Commission also performs independent compliance audits and conducts independent or joint investigations or inquiries of significant blackouts, system disturbances, cyber security incidents, and other reliability and security issues, as warranted. For example, in FY 2016 and FY 2017, the Commission will work with the ERO and the regional entities while conducting a joint audit of the CIP Version 5 Critical Infrastructure Protection Reliability Standards and Reliability Standard CIP-014-1 pertaining to physical security of critical assets.

Rigorous audits and investigations of potential violations coupled with appropriate and adequate mitigation plans should lead to a culture of compliance, self-reporting and internal controls, which should produce better reliability and fewer blackouts or system disturbances.

As the electric grid grows in complexity and technological sophistication, the rate of emerging reliability issues is likely to accelerate. The Commission continues to monitor and analyze the performance of the bulk power system to assess the impact of emerging issues. Although the Commission attempts to maintain awareness of these emerging issues and associated reliability risks, including system disturbances or outages, they are extremely difficult to anticipate. In FY 2015, to improve its understanding of system disturbances, the Commission initiated a notice of proposed rulemaking to obtain certain transmission and generation outage data, as well as protection system misoperation data, maintained by the ERO. Related analysis and a determination of potential actions will be an ongoing effort through FY 2017.

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 a Regional Entity or the ERO identifies a violation of a Reliability Standard, whether through self-reports, audits, investigations, or complaints, the ERO either processes it outside of its enforcement processes as a compliance exception or through its enforcement processes using its Find, Fix Track and Report program, or by filing a notice of penalty for Commission approval. All of these processes include a record supporting a finding of noncompliance with one or more Reliability Standards, and a description of actions taken or to be taken to remedy the violation(s) and prevent a recurrence. Notices of penalty add the proposed penalties and sanctions, as well as documentation and rationale supporting the penalties. The entity subject to a notice of penalty may appeal the violations or penalty to the Commission.

The Commission anticipates changes to the ERO's compliance monitoring and enforcement program through FY 2017. Notably, in FY 2015, the Commission approved subject to conditions the ERO's implementation of its reliability assurance initiative, which has a goal of focusing compliance monitoring on areas that pose the greatest risk to reliability while gaining efficiencies by reducing the administrative burdens of the compliance and enforcement program on industry. This initiative has created major changes in audit approaches, both in breadth and depth, and in how registered entities report noncompliance. The Commission also approved the ERO's risk-based registration initiative. Its aim is to ensure entities are registered and made subject to Reliability Standards based on the risk they pose to reliability, by eliminating certain functional registration categories, including the purchasing-selling entity, interchange authority, and load-serving entity functional registration categories; modifying the threshold for registration, and implementing certain procedural improvements to the registration process. Related Commission activity will occur in FY 2016 and succeeding years.

Energy Infrastructure Security

Growing cyber and physical security threats, along with increasing operational automation and a rapidly changing energy supply mix, demand an agile and focused approach to energy infrastructure security. The Commission is actively coordinating with its federal partners as well as regulated entities to create awareness of threats, activities, and capabilities of entities that may initiate a cyber or physical attack on jurisdictional energy infrastructure. These partners include Department of Defense, Department of Homeland Security, Department of Energy, and the Federal Bureau of Investigations among many others. This collaboration allows the Commission to support the development and encourage implementation of effective tools and techniques to enhance protection of jurisdictional infrastructure. Commission staff, with its extensive technical expertise including highly-skilled electrical engineers and IT specialists, provides a unique perspective that draws on both decades of regulatory experience as well as extensive operational experience. These contributions from the Commission help reduce the risk of cyber and physical security threats to vital energy infrastructure. This collaboration also facilitates the sharing of best practices, and it promotes an important complement to FERC's related responsibilities for both regulatory requirements and enforcement.

In coordination with its collaborative role, Commission staff proactively examines threats and potential vulnerabilities in the cyber and/or physical security posture of jurisdictional facilities through onsite security assessments. These assessments better enable facility owners and operators to recognize current threats, potential attack vectors, potential counter measures and effective practices to minimize potential impacts and recovery time should a facility be compromised. In FY 2015, the Commission conducted nine of these onsite assessments and will continue to perform these in FY 2017. In addition, the Commission also provides timely and effective security threat briefings and presentations in both classified and unclassified settings to strategic partners, including state commissions that also have jurisdictional oversight of the energy infrastructure. The Commission conducted 15 of these briefings in FY 2015 and has already performed several classified and unclassified briefings in FY 2016 with plans to continue in FYs 2016 and 2017.

Lastly, it is important to understand the impact that some individual facilities may have on the resilience of critical infrastructure systems, as well as the risk of disruption to those systems from threats and vulnerabilities through cyber and physical attacks. To these ends, the Commission will use its analysis and assessment capabilities as appropriate in support of analyzing infrastructure threats and vulnerabilities to identify particularly critical equipment across the Commission's jurisdictional infrastructures. The Commission will then conduct outreach to facility owners and operators to promote security improvements at those facilities.

Performance Goal 2.2.1

Hydropower facilities have approved dam safety programs

Description

To safeguard public safety, environment, and hydroelectric facilities, licensees with hydropower dams designated as high and significant hazard potential are required to implement an Owner's Dam Safety Program that complies with Commission regulations. In 2012, FERC began requiring licensees with high and significant hazard potential dams to develop and implement an acceptable Owner's Dam Safety Program that is robust and focused, which acknowledges the dam safety responsibilities at each level of the licensee's organization, establishes protocols for internal and external dam safety communication, and has clear designation of dam safety responsibilities among the licensee's staff. The effectiveness of Objective 2.2 is evident by the total percentage of licensees that are able to maintain compliant Owner's Dam Safety Programs.

Fiscal Year	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percent of high or significant hazard hydropower facilities that have approved dam safety programs	Data not available	64%	78%	75%	80%	85%

FY 2015 Target: Met

Analysis

FERC continues to emphasize the requirement for licensees to have an acceptable Owners Dam Safety Program at every annual inspection of a high or significant hazard dam. FERC is monitoring and providing assistance to help the licensees develop and implement a complete program. As a result of these efforts, 31 Dam Safety Programs were found acceptable in FY 2015 resulting in a 14 percent increase from FY 2014. Currently, several licensees have Owners Dam Safety Programs that are under review and are expected to be approved in FY 2016.

Performance Goal 2.2.2

LNG facility recommendations implemented by established time frames

Description

In order to minimize risks to the public and to ensure reliable infrastructure, LNG terminals are inspected annually to ensure that they are being maintained and operated in a manner consistent with the Commission's certificate/authorization for the life of the facility. FERC issues a letter after each LNG inspection that lists any recommendations for safe and reliable operation and a timeline for completing these items. Companies are responsible for completing these items on time to ensure that the facility continues to be in compliance with the Commission's certificate/authorization. FERC makes a concerted effort to craft recommendations that clearly identify equipment or operational issues/improvements with practical timelines for completion. FERC also works with the facilities as needed to ensure that they understand the recommendations and how they can be implemented. Accordingly, the percentage of recommendations implemented within established timeframes provides a measure of FERC's impact on LNG facility safety and reliability and thus serves as an indicator of the Commission's effectiveness in achieving Objective 2.2.

Fiscal Year	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percent[7] of LNG facility recommendations implemented by established time frames	Data not available	91%	70%	90%	90%

FY 2015 Target: Met

Analysis

The reported percentage for this measure represents timely compliance with FERC issued LNG recommendations for in-service Section 3 LNG facilities. FERC conducted nine inspections at the eight operational LNG terminals under FERC jurisdiction in FY 2015. One terminal was inspected twice due to being rescheduled from FY 2014. In FY 2015, 23 recommendations were due to be implemented to improve the safety and reliability of the facilities. Ninety one percent (21 of 23) of the recommendations were implemented in the established time frames. Two recommendations were completed less than 30 days after the due date. The 23 recommendations were due to be implemented at five of the eight terminals inspected. The remaining three terminals had no recommendations due for implementation in FY 2015.

[7] In the Commission's FYs 2014-2018 Strategic Plan, the title for this performance measure indicates that the "number" of LNG recommendations will be assessed. However, during the development of the baseline and targets in FY 2014, the measure was changed to the "percentage" of LNG facility recommendations implemented by established timeframes.

Performance Goal 2.2.3

The amount of lost firm load megawatts in a given year resulting from bulk power system transmission related events (unplanned outages), excluding weather related outages

Description

The annual amount of lost load resulting from unplanned disturbances on the bulk power system other than severe weather provides a measure of FERC's impact on system reliability and serves as an indicator of the Commission's effectiveness in achieving its Objective 2.2 to minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

The maximum desired threshold of bulk power system, non-weather related megawatt lost in the US is set to be 0.5 percent normalized on an annual US actual peak load value. Based on this metric, any fiscal year with a major blackout event that has more than 0.5 percent of load loss or multiple events of lesser magnitude that cumulatively exceed 0.5 percent will be considered a poor performance year (weather-related events are not included in this calculation).

This threshold is established so that an event equivalent in size to past major blackouts (such as those experienced in the Northeast in 2003, Florida in 2008, or the Southwest in 2011) would indicate a poor performance year. Monitoring and re-evaluating this threshold is needed as more data and experience is gained in next several years. In addition, the threshold is a representative of average grid performance from 2009-2013, excluding major blackout events. In general, the number of bulk power system level outage events captured by this metric (uncontrolled outages directly impacting end-user customers in excess of 50 megawatts) has been small, indicating the bulk power system reliability remains adequate. However, even these small events can be an indicator of an emerging issue that may require the Commission to take action.

Fiscal Year	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2017 Target	FY 2017 Target
Performance Indicator: Lost firm load megawatts resulting from bulk power system transmission related events, excluding weather related outages	0.70%	1.50%	0%	0.30%	0.08%	0.31%[8]	Below 0.5%	Below 0.5%	Below 0.5%

FY 2015 Target: Met

Analysis

The cumulative FY 2015 ratio of lost firm load is 0.31 percent, which is below the cumulative annual target (0.5 percent). A total of seven firm load loss events met the metric criteria in FY 2015. The cumulative lost firm load is 2,207 megawatts, out of 709,123 megawatts. The total energy not served is approximately 3,091 megawatt-hours. Equipment failure is an initiating cause for five of these seven events; and protection system misoperations are identified as contributing factors in three of these seven events, increasing event severity.

Although the Commission met the FY 2015 annual target, staff recommends monitoring equipment failure and misoperation trends in the next two years, and considering reasonable mitigation solutions if warranted.

[8] Result is based on the January 7, 2016, event report submitted by North American Electric Reliability Corporation (NERC). Staff has a quarterly verification process with NERC to assess the running total of loss-of-load events, amount of load loss, and event root causes, and will revise the metric data if updates become available.

GOAL 3

MISSION SUPPORT THROUGH ORGANIZATIONAL EXCELLENCE

Achieve organizational excellence by using resources effectively, adequately equipping Commission staff for success, and executing responsive and transparent processes that strengthen public trust.

INTRODUCTION

The public interest is best served when the Commission operates in an efficient, responsive and transparent manner. The Commission achieves this operational state by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. The Commission staff, while serving in different component offices, must work collaboratively and execute processes that work in concert with each other to produce the high quality results expected by the American people. In accomplishing this state, the Commission will use its resources efficiently, empower its employees, and earn the public trust. These essential outcomes are indicative of a model regulatory agency.

Strategic Goal and Objectives (Dollars in thousands)		FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Percent Change FY 2016 to FY 2017
Objective 3.1	**FTE**	146	148	148	0.0%
	Funding	29,908	31,360	32,730	4.4%
	Program	21,900	22,928	23,592	2.9%
	Support	8,008	8,432	9,138	8.4%
Objective 3.2	**FTE**	59	60	60	0.0%
	Funding	12,299	12,919	13,483	4.4%
	Program	9,044	9,472	9,748	2.9%
	Support	3,255	3,446	3,734	8.4%
Objective 2.3	**FTE**	75	78	78	0.0%
	Funding	15,657	16,616	17,361	4.5%
	Program	11,531	12,165	12,537	3.1%
	Support	4,126	4,451	4,823	8.4%
Goal 3 Subtotal	**FTE**	**281**	**286**	**286**	**0.0%**
	Funding	**57,864**	**60,895**	**63,574**	**4.4%**
Application of PY Budget Authority		-	(2,103)	-	
Goal 3 Total	**Funding**	**57,864**	**58,792**	**63,574**	**8.1%**

Note: Numbers may not add up due to rounding.

Objective 3.1

Manage Commission resources effectively and efficiently.

The Commission continues to prioritize resource allocations and make prudent investments in relation to specific program activities and challenges, and these investments are expected to yield returns that directly benefit the agency's mission. Additionally, federal statutes require the Commission to recover its operating costs from the entities it regulates. The Commission must do this in a manner that avoids unnecessarily increasing the cost of energy to consumers. Given these considerations, the Commission must be steadfast in its commitment to use its resources in an effective and efficient manner. In meeting this commitment, the Commission will make continued investments in its human capital, IT resources, and physical infrastructure. These investments will facilitate mission accomplishment while providing measurable efficiencies in future operating cycles. The following projects and initiatives detail the types of investments the Commission is planning to make.

Human Capital Management

In FY 2015, the Commission continued human capital mitigation strategies to account for the potential loss of approximately 30 percent of its staff to retirement by FY 2018. The agency developed extensive analyses of recruiting and employment data which it leveraged to formulate strategic hiring plans. This approach has enabled the agency to target and mitigate critical staffing vulnerabilities ahead of forecasted attrition. Additionally, this strategic process has enabled the Commission to target additional skill sets required to meet evolving mission related demands. With the agency increasing its use of analytics and data-modeling to inform regulatory policy decisions, the Commission has been aggressively recruiting professionals that possess the capabilities to analyze and evaluate complex energy data. In FYs 2016 and 2017, the Commission will continue to aggressively recruit and hire staff to meet its current and future needs. The agency will increasingly leverage social media platforms to market employment opportunities in addition to its use of more traditional recruiting strategies. Finally, the Commission will execute its hiring processes in a manner that minimizes hiring cycle times in line with established targets and maximizes the use of allocated financial resources.

Information Technology Management

While evaluating the need to modernize and upgrade legacy Commission applications to align more closely with current business needs, the Commission continues to make strategic IT investments that provide for lower operating costs. In FY 2016, the Commission plans to migrate a major business application to a cloud-based service solution. The Commission uses a suite of hardware and software called eLibrary that functions as the system of record for all FERC-issued orders, industry fillings, and public comments. This system is used by all Commission staff and is the single entry point for the public to access docketed information. The system was put into production over 10 years ago and is no longer optimal for the Commission's IT infrastructure. Concurrently, integration design efforts for several workflow applications that interact with the eLibrary solution began in FY 2015 and will continue into FY 2017. These integration projects will automate redundant manual entry processes providing greater efficiencies to agency operations.

The Commission plans to continue to promote a federal Cloud First strategy by initiating pilots for the implementation of cloud-based processing and storage infrastructure. In addition, the Commission will balance its financial and security needs to find appropriate solutions that will span the next few years. It is the Commission's expectation that these pilots will assist in the design of solutions that will ultimately decrease the costs associated with maintaining its technology environment.

In addition to implementing more cost-effective IT solutions, the Commission awarded a new multi-year contract which provides for lower IT support services costs beginning in FY 2016. The Commission awarded a seven year services contract to a major service provider which is projected to yield millions in annual savings. The Commission was able to accomplish such significant savings through a comprehensive solicitation that leveraged competitive rates available in the current market. Additionally, the Commission transitioned from a cost reimbursable vehicle to a firm-fixed price solution that clearly sets service level expectations and provides sufficient cost controls. Financial resources saved from reduced support costs can support other mission-critical IT requirements.

Headquarters Modernization

In August 2014, the Commission and GSA executed a 10-year renewal option on the Commission's Headquarters building. Congressional authorization for the lease extension requires the Commission to reduce the amount of space it currently utilizes to support its Washington, D.C., based operations. As required by the Prospectus, GSA and the Commission have developed a plan to consolidate its occupancy within the Commission's Headquarters building by vacating approximately 52,000 square feet. Additionally, as part of this consolidation effort, the Commission will relocate employees currently housed within a separate facility in downtown Washington, D.C., to the Commission's Headquarters building. In total, the Commission will release approximately 90,000 square feet that it currently utilizes to house its Washington, D.C., operations. This reduction will yield approximately $4.5 million to $6.75 million in savings annually to the federal government based on forecasted market rates for the local area.

While achieving the required space reductions, the Commission will modernize the floor configurations to an open environment that will leverage more natural light and provide for enhanced collaboration and additional conferencing capabilities.

The project will require substantial renovation to the headquarters building and is currently in the design phase. The Commission has funded initial project requirements associated with planning, design and contractor support necessary to reconfigure the Commission's office space in a manner that meets the mandated reduction goals by the end of the project schedule. Construction is planned to commence in the summer of 2016 and conclude in 2019. The total project, including the purchase of furniture, is estimated to cost approximately $79.4 million. In FY 2016, planned project requirements total approximately $10.4 million and the Commission will fund these costs with its unobligated carryover balance from the previous fiscal year. In FY 2017, FERC requests approximately $16.3 million to support project requirements.

The Commission is utilizing all available options to limit the impact the project has on its budget request in any one fiscal year. To this end, the Commission will take advantage of the building owner's tenant improvement allowances to spread approximately $8.5 million of these project costs over the next 10 years. Also, the Commission will consider options to take advantage of furniture programs to amortize the estimated $14.2 million of furniture costs. Finally, the Commission will aggressively manage the associated project schedule to avoid additional costs that may be realized due to any project delays. The timely funding of project requirements will mitigate the risks of such costs as the effort progresses forward. Current contractor estimates factor in an additional 10 percent contingency to mitigate associated risks.

Performance Goal 3.1.1

Average Hiring Cycle Time

Description

The Commission must ensure planned staffing levels are sufficiently maintained to ensure efficient utilization of its financial resources. The Commission allocates over two-thirds of its budget to employee compensation. Any undue lapse in recruiting and hiring new employees impacts the ability of the agency to balance its expenditures with its recovery of its annual appropriation, as required by statute.

The Commission will take action to reduce the amount of time it takes to fill vacancies. Accordingly, the average hiring cycle time is a measure of FERC's performance in this regard and serves as an indicator of the Commission's success in achieving Objective 3.1. The target for this measure is to maintain the average hiring cycle time of 55 days from need validation to offer.

Fiscal Year	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Average Hiring Cycle Time	Data not available	69 days	56 days	54 days	55 days	50 days	55 days	55 days	55 days
FY 2015 Target: Met									

Analysis

Since the implementation of the Smart Hire automated hiring system by Monster Government Solutions in April 2011, the Commission continues to improve the hiring process. Prior to Smart Hire's implementation, the hiring process was completed manually. Over the four years since implementation, the staffing and recruiting teams partnered with FERC program offices to develop ways to strategically decrease the hiring cycle time while hiring increasing numbers of highly qualified candidates. In FY 2015, 198 total hires were made with an average hiring cycle time of 50 days; this demonstrates the progress made and success in reducing the overall hiring cycle time. With a continued focus on strategic recruitment initiatives and streamlined hiring processes, we expect to continue meeting and/or exceeding the 55-day target in the future.

Performance Goal 3.1.2

Reduction in targeted information technology costs

Description

In order to support the Commission's operations, we must deliver secure and effective technology solutions at a reasonable cost. With the ability to deploy emerging technologies that provide for lower cost IT solutions, the Commission is targeting a reduction in current costs for labor acquired through its IT support services contract. These savings will allow the Commission to reprogram funding to meet other mission-critical IT needs. Accordingly, the ability of the Commission to reduce targeted IT costs is a measure of its performance and serves as an indicator of the Commission's success in achieving Objective 3.1.

The percent reduction in targeted IT costs is calculated cumulatively on FY 2015 baseline costs. A higher percent is an indication of greater savings as compared to the base year.

Fiscal Year	**FY 2014 Actual**	**FY 2015 Actual**	**FY 2016 Target**	**FY 2017 Target**
Performance Indicator: Cumulative percent reduction in targeted IT costs	-	Baseline	22.80%	24.40%
Supplemental Information: Targeted IT costs (in millions)	$24.30	$24.50	$18.90	$18.50

FY 2015 Target: Met

Analysis

Reductions (savings) planned in FY 2014, which will begin to accrue in the out-years, were driven by leveraging market competition to obtain lower cost IT support contractual services. Transition of contractors for IT Support Services occurred during FY 2015 during which time both were employed for purposes of knowledge transfer and continuity of services. In FY 2016, the Commission expects to achieve a 22.8 percent reduction as compared to the FY 2015 baseline spend levels, which is primarily accounted for by the change in IT support services.

These savings are for services and projects in place in FY 2014 and exclude potential new IT investments.

Performance Goal 3.1.3

Time and cost of building modernization on schedule and budget

Description

The Commission must establish a design plan and budget for an extensive consolidation effort within its headquarters facility. This multi-million dollar renovation effort will span the next five to six years. The Commission will partner with the GSA, private contractors and the facility owner to execute the required work. It is imperative that management closely monitor project performance relative to schedule and resources given the significant investment and the numerous entities involved.

Accordingly, the extent to which the modernization effort is completed within budget is the primary measure of FERC's performance in managing the project and serves as an indication of its effectiveness in achieving Objective 3.1. While schedule performance remains important to the overall effort, there are a number of constraints and external factors that make the measurement and reporting of schedule performance less of an indicator of the overall project's performance. The project funding will be requested in phases, primarily to limit the amount of resources required in each fiscal year for project construction. This strategy enables the Commission to spread the recovery of these costs over the life of the project, thereby more effectively aligning its assessment methodology with its requirement to recover its annual appropriation from regulated entities. Although this funding approach enables the Commission to amortize and recover the project's costs, it also creates a high risk of uncertainty in the schedule for later phases of the project, as annual appropriation decisions are beyond the control of the Commission and GSA. To mitigate the impact of these risks, the Commission will factor in sufficient contingency within the project budget. Moreover, the Commission will provide supplemental data to report on the project's schedule.

The Cost Performance Index (CPI) is used as the primary indication of project performance relative to managing cost and budget. Specifically, Earned Value (EV), the value of the work completed, and Actual Cost (AC), the actual cost incurred to complete the work will be assessed in order to produce the Cumulative CPI. Cumulative CPI is calculated as follows: Cumulative CPI = EV / AC. A value higher than one indicates a favorable condition, while a value under one would be considered unfavorable.

Fiscal Year	FY 2014 Actual	FY 2015 Actual[9]	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Cost Performance Index (CPI)	Data not available	1.0	1.0	1.0	1.0

FY 2015 Target: Met

Analysis

The activities planned and completed this performance period consist of design activities for both the FERC Headquarters and offsite Swing Space (SS). The current CPI for this performance period is one (0.99997). While the target was met for this performance period, certain external factors could have negative schedule implications in future performance periods, and it is uncertain how those implications would translate to the CPI for those periods. The factors included budgetary uncertainty caused by a continuing resolution and a lease issue related to the SS that caused design efforts to be suspended. This suspension of design work on the SS did not affect the FERC Headquarters design effort, but may impact the overall construction schedule in future periods. There were six major milestones scheduled for the FY 2015 performance period which includes procurement of architectural and engineering services, program of requirement validation, part one design intent drawings, part two design intent drawings, SS design completion, and SS delivery. Four of the six milestones were accomplished, though approximately one month later than scheduled, attributable to review and revision periods taking longer than anticipated. The two SS related milestones were delayed primarily due to lease issues and funding uncertainty.

[9] Based on timing of when the values used to calculate the CPI were made available, the FY 2015 performance period captures information through the first quarter of FY 2016.

Objective 3.2

Empower Commission employees to drive success.

Commission employees are directly responsible for achieving FERC's mission. On an annual basis, the Commission allocates over two-thirds of its budget to directly cover the compensation costs of its employees. Given this significant investment, the Commission places extremely high value on its employees and is focused on ensuring their success. The Commission seeks to become an employer of choice for individuals who can contribute a diverse set of needed skills. With this objective in mind, the Commission recognizes that a model regulatory organization must ensure that its employees are equipped with the requisite tools and services they need to accomplish the mission.

Corporate Knowledge Management

The Commission will invest heavily in succession and knowledge management activities to ensure the agency equips employees with the requisite knowledge to meet strategic demands going forward. It will develop a knowledge management program to mitigate the risks associated with 30 percent of the agency's workforce being eligible for retirement in the next five years. In FY 2016, the agency will continue to implement knowledge collaboration tools that will serve as the vehicle to capture critical organizational knowledge and promote learning. The Commission will develop a uniform approach that will seek to preserve corporate information and make it accessible to all Commission employees. These delivery mechanisms will provide information and training to Commission employees in a cost-effective and easily repeatable fashion. Such a strategy will ensure employees possess the specialized skills and knowledge required to successfully support the agency's mission.

FERC ranked No. 5 out of 24 mid-sized agencies in employee satisfaction and commitment, according to the nonprofit Partnership for Public Service 2015 Best Places to Work in the Federal Government survey.

Federal Employee Viewpoint Survey (FEVS) and Other Employee Outreach Activities

It is imperative that the Commission is fully aware of employees' most critical needs and this knowledge will ensure that the agency adequately empowers its employees to meet their mission responsibilities. To this end, the Commission will utilize results from the annual FEVS to assess employee perceptions relative to performance management. In FY 2015, results showed that the Commission was one of the top agencies in the federal government, ranking fifth out of all mid-sized agencies and departments relative to employee engagement. Employees rated the agency's leadership efforts favorably regarding the creation of work which ensures employees can reach their potential, contribute to the success of the agency environment, and ultimately the entire federal government.

The Commission is building on the positive opinions expressed by employees during the previous survey period. In FY 2016, the Commission engaged its employees in discussions about agency survey results. Program offices established focus group sessions to discuss strengths and growth opportunities conveyed through these results. Agency efforts in this regard further enhanced the importance of the survey and 74 percent of all eligible employees participated in the FY 2015 survey. Going forward, the Commission will analyze its annual results and conduct additional employee outreach activities to gauge the effectiveness of its employee-related process and services. The agency will develop action plans to address any areas not favorably rated and take corrective action to improve processes and services that impact related employee perceptions.

Performance Goal 3.2.1

Deployment of a Knowledge Management Program[10]

Description

The deployment of this program ensures knowledge is shared across the Commission and an environment of continuous learning is present to address the retirement eligibility of 30 percent of the current workforce within the next five years. The Commission must maintain a highly skilled workforce to address its regulatory responsibilities. A knowledge management program provides employees a means to share critical information across the Commission and involves an analysis of the competencies necessary to perform their job requirements. The Commission also will deploy automated collaboration tools to capture and share knowledge gathered across the Commission. The entire deployment of the knowledge management program will be tracked against pre-established milestones. The percent of those milestones that are met is a measure of FERC's performance in deploying the program and an indication of its accomplishment of Objective 3.2.

Fiscal Year	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percent of milestones that are met in the deployment of a knowledge management program using automated tools	Data not available	Resource planning completed.	83% of planned milestones achieved.	100% of planned milestones achieved.	100% of planned milestones achieved.	100% of planned milestones achieved.

FY 2015 Target: Not Met

Analysis

The Commission completed five out of six planned milestones in the deployment of a Knowledge Management program. Knowledge Management ramped up in early 2015 after awarding the contract to ICF International LLC. A project plan was developed describing the planned schedule, technical approach, and steps in the work process, including the methodology and project tasks, critical linkages between tasks, staffing requirements, and the time requirements of FERC personnel that are necessary to complete each task. A kickoff meeting was conducted in October of 2015 with FERC's stakeholders in which needs and expectations for the project, as well as preferences on receiving information, and anticipated roles were captured and documented. The team has, and will continue in FY 2016, to deploy knowledge collaboration automated tools and conduct an analysis of the competencies necessary in Commission occupations. Due to time constraints, working groups were not established; however this is being addressed through conversations with the program offices. In FY 2016, FERC will identify key stakeholders and map their roles as impacted by Knowledge Management. Additionally, FERC will continue to work to understand specific requirements or concerns of each office, occupation, and role. From these efforts, a change management plan and communication plan will be developed that will endure throughout the life of the contract.

[10] In the FY 2014 – 2018 Strategic Plan, this performance goal was established to measure the deployment of a competency based training program. In FY 2015, this measure was modified to measure the deployment of a knowledge management program to expand the scope of our original efforts to look broader at capturing critical organization knowledge and use it to promote learning.

Performance Goal 3.2.2

Employee Satisfaction Favorability Rating

Description

The Commission must ensure that employee performance is aligned with the Commission's strategic goals and that employees have the resources they need to accomplish the Commission's goals. Thus, this measure uses the results of the FEVS to measure employee perceptions on the Commission's performance management system and the adequacy of resources.

Fiscal Year	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Employee Satisfaction Favorability Rating	67% positive	66% positive	65% positive	67% positives	69% positive	71% positive	69% positive	69% positive	69% positive

FY 2015 Target: Met

Analysis

This rating is defined as the weighted average of the percentage of employees who responded favorably to fifteen selected questions related to performance management and adequacy of resources in the FEVS. From FY 2014 to FY 2015, this rating increased by 2 percent. Of the 15 questions used to calculate this rating, the two highest rated and the two lowest rated questions in FY 2015 were also the highest rated and lowest rated, respectively, in FY 2014. The two highest rated questions (above 80 percent positive) were: i) "In the last six months, my supervisor has talked with me about my performance," and ii) "employees are protected from health and safety hazards on the job." The two questions with the lowest ratings (below 50 percent positive) were: i) "In my work unit, differences in performance are recognized in a meaningful way," and ii) "Creativity and innovation are rewarded." However, the scores for the lowest rated questions increased from FY 2014 by 4 and 6 percent, respectively, partially leading to the overall increase in the measure from FY 2014 to FY 2015.

Overall, the scores for 12 of the 15 increased (ranging from 0.2 to 6 percent) from last year, while the scores of three questions decreased (ranging from -0.4 to -1.9 percent). As such, the Commission exceeded the 69 percent target for FY 2015. All questions relating to the performance management aspect of the measure increased while the three questions that decreased relate to the adequacy of resources employees have. However, it is important to note that the questions that had a decrease in score range between 82 to 88 percent positive and, based on Office of Personnel Management guidelines, are considered strengths. Given that the decrease in any individual score was less than 1.9 percent (regarding resources), and the highest increase was 6 percent, we cannot attribute them to any significant changes with Commission resources or performance management that may have led to these variances.

Each office and component within the Commission plays an important role in ensuring employee satisfaction and adequacy of resources (e.g., providing sufficient training to employees). To ensure continued success with meeting this target, the Commission has and will continue to communicate the results of each program office's FEVS to the respective offices. FERC will also continue to provide each office with guidelines to help them develop action plans to address any areas not favorably rated and take corrective actions.

Objective 3.3

Facilitate public trust and understanding of Commission activities by promoting transparency, open communication, and a high standard of ethics.

Facilitating understanding of how the Commission carries out its responsibilities and maintaining public trust in the Commission are important components of the Commission's commitment to organizational excellence. Trust and understanding increase acceptance of FERC decisions and reduce the potential for contentiousness toward FERC rules and regulations, thus enabling the creation and enforcement of policy. The Commission advances this objective by promoting transparency and open communication with respect to conduct of the Commission's business, thereby increasing awareness and understanding of the Commission's activities. The Commission furthers this objective by cultivating relationships with sister government agencies and stakeholder groups, which supports understanding of Commission procedures and actions. The Commission also promotes a high standard of ethics, which encourages public confidence in the Commission's activities and ability to fulfill its responsibilities.

Commission staff is highly interactive and responsive to its stakeholders. For example, it is essential that Commission staff communicate clearly and concisely with the media so that stakeholders and the public can be aware of and understand the Commission's actions. To that end, Commission staff consistently provides detailed background material on Commission meeting orders to help the media, stakeholders and the public understand complex matters, and posts links to the actual orders to the Commission's web page as quickly as possible after each meeting.

With the Commission's web page being its primary communication tool, staff worked in FY 2014 to improve its usability. Staff analyzed user data and redesigned the main web page to provide simpler access that makes it easier for the media, stakeholders and the public to get direct links to FERC orders, reports, meeting and hearing schedules, statements and other of the most on-demand information.

Communicating with Congress on the Commission's actions also is an important priority, and staff pays particular attention to orders that affect individual members and their constituents, notifying them when significant decisions or milestones arise. Additionally, the Commission responds in a timely and transparent manner to all Congressional inquiries.

Finally, communicating with state officials, particularly state regulators, also is a priority for the Commission. Staff consistently notifies the appropriate regulators and other state officials of Commission actions that are of interest, and frequently offers briefings via conference calls or webinars on major issues.

Through the use of the Commission's eLibrary and eSubscription web pages, the public can obtain extensive information concerning documents both submitted to and issued by the Commission. FERC seeks to ensure that all filings and Off-the-Record Communication (Ex Parte)

FERC Landowner Helpline

The Commission's Landowner Helpline is another example of how the Commission promotes transparency. The Landowner Helpline assists landowners with issues relating to the construction or operation for FERC jurisdictional facilities.

Issues addressed include, for example:

- responding to requests for information
- responding to requests for assistance to facilitate resolution of disputes relating to restoration (such as land after construction)
- responding to other complaints.

The Landowner Helpline also facilitates resolving landowner issues involving environmental, recreational, and other matters relating to a FERC jurisdictional hydroelectric project.

submitted to and from the Commission are publicly noticed timely and accurately. The Commission continues to make the maintenance and implementation of effective filing procedures a high priority, therefore, the timely processing of incoming documents ensures the information is channeled to Commission staff for prompt review and action. As a result, timely and accurate Commission issuances, such as notices, orders, and major rules, continue to promote the flow of information through all levels of the agency and to all interested parties.

Furthermore, the number of users and followers of the Commission's social media efforts has grown significantly, to approximately 20,000 since the Commission launched these efforts, including Facebook, Twitter and Flickr, starting in FY 2011. In addition to following the Commission's news-related postings, thousands of people and institutions are reposting Commission information to other websites, which further increases awareness and understanding of the Commission's activities. In FY 2014, the Commission began using Flickr to share official photos from FERC's public hearings and other official activities. In FY 2015, the Commission implemented advanced tracking software that will more thoroughly monitor and measure the effectiveness and reach of its social media.

In addition, the Commission's ethics program aims to promote the highest standards of ethical conduct by determining whether employees' activities conform to statutes and regulations that set standards of conduct for federal employees. The Commission continues to utilize innovative annual ethics training, which has been recognized repeatedly for excellence among government agencies. To promote transparency and public confidence in the Commission's programs, Commission staff responds to requests under the Freedom of Information Act, 5 U.S.C. § 552. The Commission seeks to issue responses to 85 percent of such requests within the statutory time frame of 20 business days, excluding statutory extensions.

Performance Goal 3.3.1

Disseminate Commission filings and issuances to the public within established timeframes

Description

Timely communication with stakeholders helps to demonstrate a spirit of transparency and openness that is essential to maintaining public trust and understanding. Accordingly, FERC has established timeframes for responding to requests for information, for disseminating policy decisions and actions, for the issuance of approved orders, and for public notification of filings submitted to the Commission as well as Off-the-Record Communications (Ex Parte) submitted to and from the Commission. The extent to which FERC meets these timelines is an indication of its performance with regard to timely communication and serves as an indicator of the Commission's effectiveness in achieving Objective 3.3.

Targets are set for each filing channel, varying by channel. These differing thresholds reflect the relative importance of the type of document, the extent to which the documents are processed electronically, and the degree of control which FERC exercises over the document filing channel.

Fiscal Year	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Performance Indicator: Percent of Commission filings and issuances that are disseminated to the public within established timeframes	Data not available	81%	87%	86%	92%	96%
FY 2015 Target: Met						

Analysis

While the FY 2015 results for all filing channels combined met the target, there is room for improvement for the regional office paper filings. Our plan for improving results on this metric relies upon moving these filings into the electronic arena. Enhancements and upgrades to both eFiling and to the eIssuance application (Publish Issuance Workflow) will pave the way for migrating away from paper. This realignment will subject regional office filings to the electronic performance measures, which, while more challenging statistically, offer more realistic opportunities for meeting the higher goals.

Appendix A

Workload Tables

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Pipeline Certificates	P	R	C	P	R	C	P	R	C	P
Construction Activity	67	87	59	95	120	120	95	120	120	95
Prior Notice & Abandonments	24	49	60	13	100	100	13	100	100	13
Compliance Filings & Reports	0	423	423	0	400	400	0	400	400	0
Environmental Analysis	35	188	139	84	190	160	114	190	160	144
Compliance & Safety Inspections	0	331	331	0	350	350	0	350	350	0
LNG Inspections	1	14	15	0	18	18	0	14	14	0
Rehearings	14	27	17	24	20	20	24	27	27	24
Complaints	2	1	2	1	2	2	1	1	1	1
Declaratory Orders	2	3	5	0	2	2	0	1	1	0
Remands	2	0	0	2	2	2	2	2	2	2
Dispute Resolution	7	100	103	4	125	120	9	135	137	7

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Hydropower Licensing	P	R	C	P	R	C	P	R	C	P
Original Licenses	49	5	10	44	10	30	24	10	22	12
Relicenses	55	1	6	50	18	25	43	20	30	33
5 MW Exemptions	1	1	1	1	3	2	2	3	2	3
Preliminary Permits	29	94	79	44	85	85	44	50	75	19
Rehearings	14	18	21	11	25	25	11	25	25	11
Declaratory Orders	1	0	0	1	1	1	1	1	1	1
Remands	1	0	0	1	1	1	1	1	1	1
Cases Set for Hearing	0	0	0	0	1	0	1	0	1	0
Dispute Resolution	1	1	1	1	2	3	0	2	2	0

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

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Project Compliance and Administration	P	R	C	P	R	C	P	R	C	P
Amendments	577	2,389	2,435	531	2,485	2,696	320	2,597	2,600	317
Jurisdiction	6	5	5	6	5	5	6	5	5	6
Federal Lands	28	124	151	1	151	145	7	127	131	3
Headwater Benefits	4	99	100	3	105	104	4	110	107	7
Compliance	85	765	772	78	785	780	83	822	821	84
Surrenders, Transfers	23	26	22	27	31	26	32	34	34	32
Conduit Exemptions	2	34	32	4	31	28	7	25	29	3
Environmental Inspections And Assistance	0	57	57	0	63	63	0	68	68	0
Rehearings	2	25	11	16	15	25	6	15	15	6
Complaints	5	1	5	1	1	1	1	1	1	1
Dispute Resolution	1	5	6	0	3	3	0	3	3	0

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Dam Safety and Inspections	P	R	C	P	R	C	P	R	C	P
Operational Inspections	1,148	1,460	1,369	1,239	1,460	1,396	1,303	1,460	1,396	1,367
Prelicense Inspections	1	14	5	10	11	12	9	11	10	10
Construction Inspections	37	120	106	51	147	160	38	142	148	32
Exemption Inspections	217	331	257	291	272	264	299	284	262	321
Special Inspections	51	192	171	72	163	158	77	169	160	86
Engineering Evaluation & Studies	1,903	9,518	8,483	2,938	9,500	8,960	3,478	9,500	8,865	4,113
Part 12 Reviews	156	179	147	188	175	150	213	175	150	238
Dam Safety Reviews	8	29	26	11	35	40	6	35	40	1
EAP Tests – Functions	34	64	66	32	65	63	34	65	63	36
EAP Tests – Table Top	12	41	27	26	40	36	30	40	36	34

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

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Rates and Tariffs	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Gas Certificates & Rate Evaluations	107	81	48	140	85	55	170	85	65	190
Market-Based Rates	1,224	3,229	3,367	1,086	2,900	3,000	986	2,900	3,000	886
Cogeneration/Small Power Producers (QF)	418	2,079	2,390	107	1,375	1,375	107	1,375	1,375	107
Dispute Resolution (Electric)	6	12	14	4	15	17	2	18	18	2
Rehearings (Electric)	418	259	242	435	200	220	415	200	220	395
Complaints (Electric)	47	59	58	48	60	65	43	60	65	38
Declaratory Orders (Electric)	24	26	30	20	30	35	15	30	35	10
Remands (Electric)	6	0	2	4	0	2	2	0	2	0
Negotiated Rates	42	650	646	46	675	675	46	675	675	46
Cost-Based Rates	1,179	4,333	4,591	921	4,300	4,100	1,121	4,200	4,100	1,221
Dispute Resolution (Gas)	1	1	2	0	2	2	0	3	3	0
Rehearings (Gas)	45	15	30	30	20	30	20	15	30	5
Complaints (Gas)	3	1	2	2	1	3	0	1	1	0
Declaratory Orders (Gas)	0	3	3	0	2	2	0	1	1	0
Remands (Gas)	2	1	3	0	2	2	0	1	1	0
RTO and ISO Filings	88	211	229	70	300	300	70	300	300	70
Dispute Resolution (Oil)	0	2	2	0	1	1	0	1	1	0
Rehearings (Oil)	38	12	30	20	5	15	10	5	10	5
Complaints (Oil)	1	6	4	3	5	6	2	3	4	1
Declaratory Orders (Oil)	4	22	24	2	20	21	1	20	21	0
Remands (Oil)	0	0	0	0	1	1	0	1	1	0

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Corporate Applications	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Interlocking Positions, Other Corporate Filings	107	695	708	94	820	800	114	820	800	134
Mergers, Acquisitions & Dispositions	30	222	210	42	235	235	42	235	235	42

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

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Electric Grid Reliability	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Reliability Standards	103	166	159	110	99	101	108	129	136	101
Interpretations/Erratas of Reliability Standards	12	0	0	12	6	9	9	3	3	9
Reliability Filings by ERO/RE	42	20	17	45	19	15	49	18	20	47
Standards Compliance Audits	2	15	14	3	25	25	3	35	35	3
Notices of Penalty-Violations	89	1,157	1,205	41	825	791	75	770	775	70

	FY 2014 Actual	FY 2015 Actual			FY 2016 Estimate			FY 2017 Estimate		
Legal Matters	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Cases Set for Hearing	57	87	65	79	85	75	89	85	75	99
Settlement Judge Proceedings	28	69	57	40	75	65	50	75	65	60
Appellate Review	110	120	125	105	115	120	100	115	120	95
Audits	25	23	22	26	19	24	21	20	21	20
Accounting	64	407	376	95	380	388	87	385	390	82

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

Appendix B

Acronyms and Abbreviations

CAISO	California Independent System Operator Corp.
CIP	Critical Infrastructure Protection
CPI	Cost Performance Index
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
FEVS	Federal Employee Viewpoint Survey
FPA	Federal Power Act
FPC	Federal Power Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GSA	General Services Administration
ICA	Interstate Commerce Act
ISO	Independent System Operator
ISO-NE	Independent System Operator New England, Inc.
IT	Information Technology
LNG	Liquefied Natural Gas
MISO	Midcontinent Independent Transmission System Operator, Inc.
NEPA	National Environmental Policy Act
NERC	North American Electric Reliability Corporation
NGA	Natural Gas Act of 1938
NGPA	Natural Gas Policy Act of 1978
NIST	National Institute of Standards and Technology
NYISO	New York Independent System Operator, Inc.
PJM	PJM Interconnection, LLC
PY	Prior Year
RTO	Regional Transmission Organization
SPP	Southwest Power Pool
SS	Swing Space

Office of External Affairs
888 First Street, NE
Washington, D.C. 20426

202-502-6088
1-886-208-3372 (toll-free)
202-502-8659 (TTY)

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