



# Federal Energy Regulatory Commission

## Congressional Performance Budget Request

FISCAL YEAR  
**2016**



Chairman Cheryl A. LaFleur





# TABLE OF CONTENTS

---

Mission and Strategic Goals.....	i
Proposed Appropriation Language.....	ii
Full Cost Recovery.....	ii
FY 2016 Request Summary.....	ii
Object Class Table.....	v
Overview of the Federal Energy Regulatory Commission.....	vi
Regulatory Authority History and Overview.....	viii
<b>GOAL 1: ENSURE JUST AND REASONABLE RATES, TERMS, AND CONDITIONS.....</b>	<b>1</b>
Objective 1.1.....	2
Objective 1.1: Performance Measures.....	8
Objective 1.2.....	9
Objective 1.2: Performance Measure.....	12
<b>GOAL 2: PROMOTE SAFE, RELIABLE, SECURE, AND EFFICIENT INFRASTRUCTURE.....</b>	<b>13</b>
Objective 2.1.....	14
Objective 2.1: Performance Measure.....	17
Objective 2.2.....	18
Objective 2.2: Performance Measures.....	22
<b>GOAL 3: MISSION SUPPORT THROUGH ORGANIZATIONAL EXCELLENCE.....</b>	<b>23</b>
Objective 3.1.....	24
Objective 3.1: Performance Measures.....	25
Objective 3.2.....	26
Objective 3.2: Performance Measures.....	27
Objective 3.2.....	28
Objective 3.3: Performance Measure.....	29
Appendix A: Historical Performance Measures and Annual Targets FY 2010 - FY 2014.....	31
Appendix B: Workload Tables.....	44
Appendix C: Acronyms and Abbreviations.....	48







# 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, \$319,800,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed \$319,800,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2016 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 2016 so as to result in a final fiscal year 2016 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 2014 Actual	FY 2015 Estimate	FY 2016 Request
Appropriation	\$ 304,600,000	\$ 304,389,000	\$ 319,800,000
Offsetting Collections	\$ (304,600,000)	\$ (304,389,000)	\$ (319,800,000)
<b>Net Appropriation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Commission requests \$319,800,000 and 1,480 full-time equivalents (FTEs) to execute its mission in fiscal year (FY) 2016. This funding request is an increase of \$15,411,000, or about 5 percent, above the FY 2015 enacted appropriation. The Commission anticipates spending \$327,277,000 in FY 2015 through the use of available prior year budget authority to fund the initial design and construction costs of a multi-year building modernization project and costs associated with a 1 percent pay increase approved in January 2015. The FY 2016 request reflects the necessary resources to support mandatory increases in salaries and benefits associated with a 1.0 percent pay raise in FY 2016. In addition, the request supports an approximately \$7 million or 29 percent increase in rent as a result of an increased rental rate in the lease renewal. The Commission anticipates program cost increases associated with statutorily required hydropower environmental workload 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 through FY 2016. Furthermore, the Commission continues to pursue innovative information technology initiatives to help achieve better performance and future cost savings.

Separate from our regular operating expenses, the 2016 budget request includes additional funding for the multi-year building modernization project. The FY 2016 request includes \$2,546,600 to fund furniture, information technology and security equipment, logistical services, and administration costs to support the modernization project. The Commission is expecting to fund \$19,700,000 of the approximately \$50 million project in FY 2015 using available prior year budget authority. The Commission is required to execute this modernization project pursuant to the General Services Administration (GSA) and the Office of Management and Budget (OMB) space use policy. Congress approved a Prospectus for the ten-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 commences on September 30, 2015. The building modernization project is expected to take approximately 4 years to complete. It entails multiple employee moves to renovate the building and requires external swing space occupancy to effectively re-position personnel in a more efficient housing scheme.

Comparison of FYs 2015 and 2016

Major Category <i>(Dollars in thousands)</i>	FY 2015 Estimate	FY 2016 Request	Difference	Percent Change
Salaries and Benefits	\$ 225,846	\$ 230,834	\$ 4,989	2.2%
Rent	23,439	30,200	6,761	28.8%
Environmental and Program Contracts	7,348	8,601	1,253	17.1%
Information Technology	30,796	29,844	(952)	-3.1%
Administrative (including Travel and Training)	20,148	17,774	(2,374)	-11.8%
Building Modernization	19,700	2,547	(17,153)	-87.1%
<b>Subtotals</b>	<b>\$ 327,277</b>	<b>\$ 319,800</b>	<b>\$ (7,477)</b>	<b>-2.3%</b>
Application of Prior Year (PY) Budget Authority	(22,888)	-		
<b>Totals</b>	<b>\$ 304,389</b>	<b>\$ 319,800</b>	<b>\$ 15,411</b>	<b>5.1%</b>

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

Resources by Industry

Regulated Industry <i>(Dollars in thousands)</i>		FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Percent Change FY 2015 to FY 2016
Electric	Funding	\$168,382	\$182,829	\$177,139	-3.1%
	FTEs	806	832	832	0.0%
Hydro	Funding	\$67,309	\$73,917	\$74,136	0.3%
	FTEs	318	330	330	0.0%
Natural Gas	Funding	\$57,455	\$62,729	\$60,936	-2.9%
	FTEs	273	282	282	0.0%
Oil	Funding	\$7,112	\$7,802	\$7,589	-2.7%
	FTEs	35	36	36	0.0%
Subtotals	Funding	\$300,258	\$327,277	\$319,800	-2.3%
	FTEs	1,432	1,480	1,480	0.0%
Application of PY Budget Authority		-	(22,888)	-	-
Totals	Funding	\$300,258	\$304,389	\$319,800	5.1%
	FTEs	1,432	1,480	1,480	0.0%

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

**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.

<b>Strategic Goal and Objectives</b> <i>(Dollars in thousands)</i>		<b>FY 2014 Actual</b>	<b>FY 2015 Estimate</b>	<b>FY 2016 Request</b>	<b>Percent Change FY 2015 to FY 2016</b>
<b>Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions</b>	<b>Funding</b>	<b>\$ 142,980</b>	<b>\$ 153,857</b>	<b>\$ 148,921</b>	<b>-3.2%</b>
	<b>FTEs</b>	<b>680</b>	<b>702</b>	<b>702</b>	<b>0.0%</b>
Objective 1.1	Funding	109,398	119,949	115,808	-3.5%
	FTEs	541	553	553	0.0%
Objective 1.2	Funding	33,582	33,908	33,113	-2.3%
	FTEs	139	149	149	0.0%
<b>Goal 2: Promote Safe, Reliable, Secure, and Efficient Infrastructure</b>	<b>Funding</b>	<b>\$ 100,969</b>	<b>\$ 113,464</b>	<b>\$ 112,507</b>	<b>-0.8%</b>
	<b>FTEs</b>	<b>470</b>	<b>498</b>	<b>498</b>	<b>0.0%</b>
Objective 2.1	Funding	52,596	59,862	60,340	0.8%
	FTEs	240	256	256	0.0%
Objective 2.2	Funding	48,373	53,602	52,167	-2.7%
	FTEs	230	242	242	0.0%
<b>Goal 3: Mission Support through Organizational Excellence</b>	<b>Funding</b>	<b>\$ 56,309</b>	<b>\$ 59,956</b>	<b>\$ 58,372</b>	<b>-2.6%</b>
	<b>FTEs</b>	<b>282</b>	<b>280</b>	<b>280</b>	<b>0.0%</b>
Objective 3.1	Funding	28,411	31,549	30,656	-2.8%
	FTEs	147	152	152	0.0%
Objective 3.2	Funding	13,248	12,138	11,904	-1.9%
	FTEs	61	51	51	0.0%
Objective 3.3	Funding	14,650	16,269	15,812	-2.8%
	FTEs	74	77	77	0.0%
<b>Subtotals</b>	<b>Funding</b>	<b>\$ 300,258</b>	<b>\$ 327,277</b>	<b>\$ 319,800</b>	<b>-2.3%</b>
	<b>FTEs</b>	<b>1,432</b>	<b>1,480</b>	<b>1,480</b>	<b>0.0%</b>
Application of PY Budget Authority		-	(22,888)	-	-
<b>Totals</b>	<b>Funding</b>	<b>\$ 300,258</b>	<b>\$ 304,389</b>	<b>\$ 319,800</b>	<b>5.1%</b>
	<b>FTEs</b>	<b>1,432</b>	<b>1,480</b>	<b>1,480</b>	<b>0.0%</b>

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



**OBJECT CLASS TABLE**

(Dollars in Thousands)

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request
11.9 Personnel Compensation	\$ 166,602	\$ 174,980	\$ 178,895
12.1 Benefits	46,904	50,866	51,940
13.0 Benefits for Former Personnel	41	-	-
Subtotal, Personnel Compensation and Benefits	\$ 213,547	\$ 225,846	\$ 230,835
21.0 Travel and Transportation of Persons	2,727	3,166	3,191
22.0 Transportation of Things	8	4	3
23.1 Rental Payments to GSA	22,899	23,439	30,200
23.2 Rental Payments to Others	685	709	735
23.3 Communications, Utilities and Misc. Charges	1,523	1,651	1,707
24.0 Printing and Reproduction	1,889	1,821	1,806
25.1 Advisory and Assistance	7,795	8,821	9,240
25.2 Non-Federal	12,182	8,524	8,644
25.3 Federal	1,480	1,455	1,462
25.4 Operation and Maintenance of Facilities	1,640	1,695	1,735
25.7 Operation and Maintenance of Equipment	27,740	28,179	27,100
26.0 Supplies and Materials	2,426	2,428	2,495
31.0 Equipment	3,587	383	452
32.0 Leasehold Improvements	-	19,079	118
41.0 Grants, Subsidies and Contributions	51	52	52
42.0 Insurance Claims and Indemnities	79	25	25
<b>TOTAL, OBLIGATIONS</b>	<b>\$ 300,258</b>	<b>\$ 327,277</b>	<b>\$ 319,800</b>
Application of PY Budget Authority	-	(22,888)	-
<b>GROSS BUDGET AUTHORITY</b>	<b>\$ 300,258</b>	<b>\$ 304,389</b>	<b>\$ 319,800</b>
Offsetting Receipts	\$ (300,258)	\$ (304,389)	\$ (319,800)
<b>NET BUDGET AUTHORITY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

## 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 Cheryl A. LaFleur**

Sworn In: July 13, 2010

Term Expires: June 30, 2019



**Commissioner  
Philip D. Moeller**

Sworn In: July 24, 2006

Term Expires: June 30, 2015



**Commissioner  
Tony Clark**

Sworn In: June 15, 2012

Term Expires: June 30, 2016



**Commissioner  
Norman C. Bay**

Sworn In: August 4, 2014

Term Expires: June 30, 2018

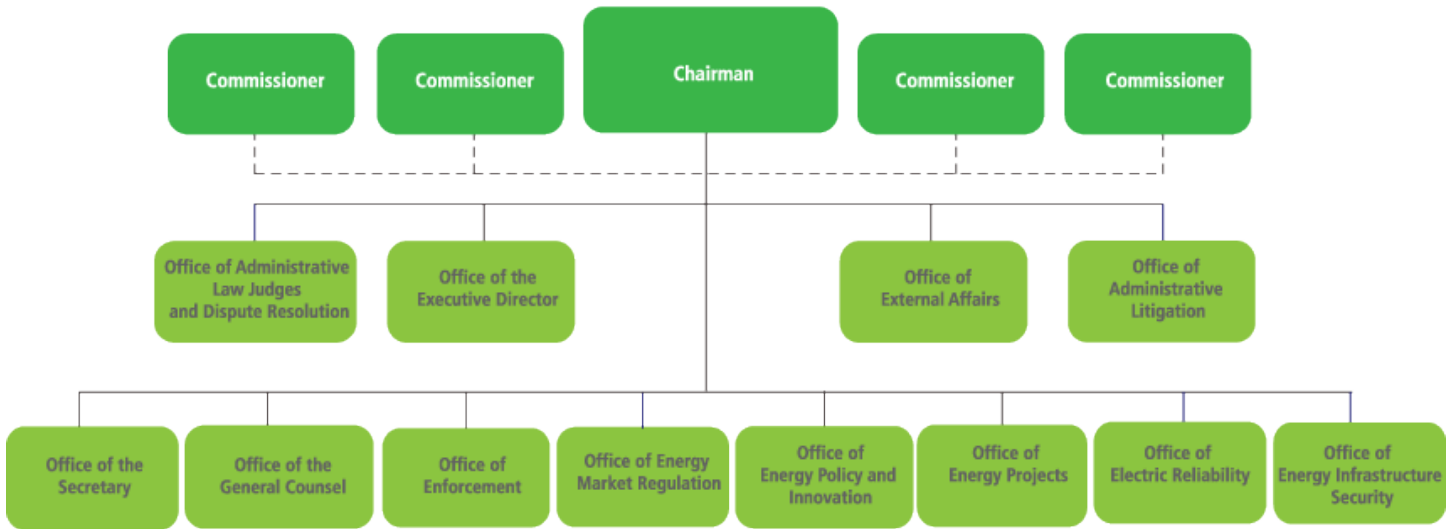


**Commissioner  
Colette D. Honorable**

Sworn In: January 5, 2015

Term Expires: June 30, 2017

Federal Energy Regulatory Commission



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 combating 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 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 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 analyses, building a full record of compelling evidence, and leading negotiations to achieve beneficial settlements.

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. OALJDR also assists interested parties engaged in disputes to achieve consensual decision making through services such as mediation, negotiation, conciliation, arbitration, and facilitation.

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, and logistics.



## **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 (PURPA) 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 also has limited authority over the siting of electric transmission facilities. Under section 216 of the FPA, the Commission is responsible, subject to certain conditions, for authorizing interstate electric transmission facilities that are proposed in National Interest Electric Transmission Corridors, designated by the Secretary of Energy.

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.

**OVERSIGHT AND ENFORCEMENT**

Through the Energy Policy Act of 2005 (EPA 2005), Congress granted the Commission enhanced authority to assess civil penalties for violations of the FPA, NGA, and NGPA. EPA 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, PURPA, 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 and 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 <i>(Dollars in thousands)</i>		FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Percent Change FY 2015 to FY 2016
Objective 1.1	FTE	541	553	553	0.0%
	Funding	\$ 109,398	\$ 119,949	\$ 115,807	-3.5%
	Program Funding	82,028	86,548	87,572	1.2%
	Support Funding	27,370	33,401	28,235	-15.5%
Objective 1.2	FTE	139	149	149	0.0%
	Funding	\$ 33,582	\$ 33,908	\$ 33,113	-2.3%
	Program Funding	26,546	24,905	25,503	2.4%
	Support Funding	7,036	9,003	7,610	-15.5%
Subtotal Goal 1	FTE	680	702	702	0.0%
	Funding	\$ 142,980	\$ 153,857	\$ 148,920	-3.2%
Total with Application of PY Budget Authority	PY Application	-	(11,283)	-	
	Funding	\$ 142,980	\$ 142,574	\$ 148,920	4.5%

# 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 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 rate, 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.

Commission staff also performs regular reviews of cost-based transmission rates. In FY 2014, Commission staff performed a comprehensive 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 2015 and 2016.

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 mitigated and where other conditions are met.

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

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 wholesale organized 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 more timely manner than if the matter proceeded through the entire litigation process. 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), Office of Administrative Litigation staff, and dispute resolution staff all play important roles in resolving matters without litigation.

Rate and Tariff Filings by Industry

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
<b>Electric</b>	5,099	5,305	6,018	5,000	5,000
<b>Gas</b>	1,353	1,767	1,503	1,750	1,750
<b>Oil</b>	621	628	770	750	750

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

In FYs 2015 and 2016, 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.

**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 2014, the Commission issued a Notice of Proposed Rulemaking, which proposed to change and clarify certain standards for obtaining or retaining market-based rate authorization in order to ensure that such sales continue to be just and reasonable. In addition, in this Notice of Proposed Rulemaking the Commission proposed to streamline certain aspects of its filing requirements to reduce the administrative burden on applicants and the Commission. The Commission received a number of comments in response to the Notice of Proposed Rulemaking, which the Commission will take into consideration in FY 2015.

**PIPELINE RATE REVIEW**

In FY 2010, 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 ten section 5 cases to determine the justness and reasonableness of existing transportation and storage rates. In FYs 2015 and 2016, 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 2015 and 2016, 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.

As part of the five-year review of its oil pipeline pricing index regulations, the Commission established an index rate

methodology, the Producer Price Index of Finished Goods, designed to enable pipelines to recover costs by allowing pipelines to raise rates at the same pace as they are predicted to experience cost increases. In FYs 2015 and 2016, the Commission will again monitor the index’s ability to track changes in pipeline costs and review the appropriateness of its choice of index, in light of the just and reasonable standard.

**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 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.

**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.**

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 addition, the Commission will continue to review the compliance filings made to address the interregional requirements to ensure they meet the requirements of Order No. 1000, and address those filings and any further compliance filings in FYs 2015 and 2016. The Commission will also monitor the implementation of the transmission planning reforms adopted in Order No. 1000 to evaluate their effectiveness in FYs 2015 and 2016.

## **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 2015 and 2016, 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. 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 2015 and 2016, 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). The Commission received a number of comments in response to these conferences, which the Commission will take into consideration as it determines what steps may be appropriate to take in FYs 2015 and 2016 with respect to capacity markets.

On November 5, 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.

On November 20, 2014, the Commission issued an Order on Technical Conference for Docket Nos. AD13-7-000 and AD14-8-000 directing regional electric power market operators to file reports on their efforts to address fuel assurance in their respective regions.

## **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 2015 and 2016, 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, including emerging technologies.

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 FY 2014 and the Commission processed the majority of these filings in FY 2014. The remaining compliance filings will be processed in FY 2015.

In FY 2014, the Commission worked on the compliance filings submitted in response to Order No. 764 on the integration of variable resources. Based on its review of comments received during a multi-year rulemaking proceeding, the Commission in June 2012 issued a final rule implementing reforms to remove barriers to the integration of variable energy resources such as wind, solar and hydrokinetic generation. The final rule requires public utility transmission providers to offer intra-hourly transmission scheduling and requires interconnection customers whose generating facilities are variable energy resources to provide meteorological and forced outage data to the public utility transmission provider for the purpose of power production forecasting. The compliance filings to implement these reforms were filed in November 2013. The Commission reviewed the tariff revisions filed by public utility transmission providers and issued orders on these initial compliance filings and, in some instances, imposed further compliance obligations in FY 2014. These compliance filings were processed by the Commission in FY 2014.

On June 19, 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 Commission directed its staff to engage in outreach and convene workshops to explore improvements to market designs and operational practices of the organized markets. On September 8, 2014, the Commission convened a workshop to discuss with industry uplift payments in energy and ancillary service markets operated by RTOs and ISOs.

On October 28, 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.

On December 9, 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 will solicit additional stakeholder comments and consider potential improvements, with work in this area continuing in FYs 2015 and 2016.

## **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 is attending meetings and providing feedback to the Commission regarding progress being made. The Commission has 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 22, 2015 Commission meeting. 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 2015 and 2016.

## **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. PacifiCorp's two balancing authority areas were the first to participate in the Energy Imbalance Market. NV Energy entered into an implementation agreement with CAISO to join the Energy Imbalance Market in FY 2015. Some Northwest utilities are exploring an array of options, including an energy imbalance market. In FY 2015, the Commission will monitor the implementation, performance and integration of other balancing authority areas participating in the energy imbalance markets.

## **COORDINATION BETWEEN WHOLESALE AND RETAIL ENERGY MARKETS**

The Commission strives to promote greater coordination between wholesale and retail energy markets. For example, the Commission has implemented interconnection procedures for small generators that serve as a model to states considering adoption of interconnection rules for retail distribution systems. In July 2012, Commission staff held a technical conference to gather information regarding potential reforms to its small generator interconnection procedures leading to issuance of a Notice of Proposed Rulemaking in January 2013. To facilitate discussion of the proposed reform among stakeholders, the Commission held a workshop in March 2013. In November 2013, the Commission assessed the comments received on this topic and issued Order No. 792, Small Generator Interconnection Agreements and Procedures. Compliance filings in response to Order No. 792 were filed with the Commission in late FY 2014. In FY 2015, the Commission will review and act on these compliance filings.

## **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 July 2013, the Commission issued a Notice of Proposed Rulemaking to remove potential barriers to communication between interstate natural gas pipelines and electric transmission operators. 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.

The final rule states that the No-Conduit rule applies only to the information that an interstate natural gas pipeline or an electric transmission operator exchange pursuant to this final rule. Therefore, the No-Conduit Rule does not affect current communications among interstate and intrastate natural gas pipelines, local distribution companies, and gatherers, regarding conditions affecting gas flows between these physically interconnected parties. Nor does it affect communications between transmission system operators and load serving entities. In response to comments, the final rule states that electric transmission operators can seek Commission authorization if they wish to share information received from an interstate pipeline with a local distribution company. 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. First, the Commission issued a Notice of Proposed Rulemaking to gather public comments on its proposals to revise the operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service. The proposed revisions include starting the natural gas operating day earlier and increasing the number of additional intra-day nomination opportunities to help shippers readjust their scheduling to reflect changes in demand. The comments in response to this Notice of Proposed Rulemaking were received in late November 2014, and are currently being reviewed.

Then, 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 any revisions to the natural gas scheduling practices that may be adopted by the Commission in a final rule stemming from the Notice of Proposed Rulemaking.

In the other order, the Commission initiated an NGA section 5 show cause proceeding requiring all interstate natural gas pipelines to revise their tariffs to provide for the posting of offers to purchase released pipeline capacity in compliance with the Commission's regulations, or to otherwise demonstrate full compliance with that regulation. In response to the Commission's March 20, 2014 NGA section 5 order, 157 interstate natural gas pipelines submitted filings to the Commission. On October 16, 2014, the Commission issued an order finding that, out of 157 compliance





filings submitted, 64 pipelines revised their respective tariffs in a manner that complies with the Commission's requirement, 23 pipelines demonstrated that their tariffs are in compliance, 1 pipeline requested clarification regarding a previously granted limited waiver, and 69 pipelines do not appear to be in full compliance.

In addition, staff has provided quarterly updates to the Commission on gas-electric coordination activities in March, June, September, and December 2013 and March, June, September, and December 2014.

### SETTLEMENTS AND TRIAL-TYPE EVIDENTIARY HEARINGS

As noted earlier, some rate and tariff filings are too complex for summary action. These contested cases are set for trial-type evidentiary hearings and, in some instances, also for settlement judge procedures. When such cases are set for hearing, the Commission 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 Judge and Commission. After discovery is complete, the Trial Staff and parties file expert testimony and exhibits supporting their proposed resolution of the issues. Following a hearing where witnesses may be cross-examined, the parties file briefs addressing the factual and legal issues presented by the proceeding. Thereafter, the Presiding Judge issues an Initial Decision and further briefs are filed before the Commission issues its final decision in the case. In FY 2014, such proceedings resulted in the issuance of 11 Initial Decisions and 8 Commission opinions or orders on Initial Decisions.

Settlement of cases set for hearing is always explored, either through formal settlement judge procedures or informally by Trial Staff and the parties. Settlement negotiations frequently take months, often involve numerous highly technical issues and require a delicate balancing of many parties' interests. 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 2014 totaled approximately \$372 million (\$283 million in electric utility matters and \$89 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 2014. Similarly, many settlements that the Commission approved in past fiscal years continued to provide savings to energy customers in FY 2014. Ongoing savings from such past cases, combined with the above-noted savings from settlements that occurred in FY 2014, totaled \$1.2 billion in FY 2014. In FYs 2015 and 2016, the Commission will continue to: (i) scrutinize rate and tariff 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 2015 and 2016, 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 Measures

## Objective 1.1

Performance Measure 1					
Percentage change* in interchange flows that are uneconomic, representing market inefficiency.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY2018
Target	-	-1.25%	-1.25%	-1.25%	-1.25%
Result	1.09%	n/a	n/a	n/a	n/a
Status	Baseline	n/a	n/a	n/a	n/a

Performance Measure 2					
Level of participation of stakeholders in regional transmission planning meetings.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	-	To be determined.	To be determined.	To be determined.	To be determined.
Result	n/a	n/a	n/a	n/a	n/a
Status	Baseline	n/a	n/a	n/a	n/a

Performance Measure 3					
Percentage of cases set for hearing or settlement procedures that are resolved by settlements.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	-	75%	75%	75%	75%
Result	78%	n/a	n/a	n/a	n/a
Status	Baseline	n/a	n/a	n/a	n/a

\* In the Commission's FYs 2014-2018 Strategic Plan, the title for this performance measure indicates that the "percent of" interchange flows that are uneconomic will be assessed. However, during the development of the baseline and targets in FY 2014, the measure was changed to the "percentage change in" interchange flows that are uneconomic.

# 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 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, operations, 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 and identify emerging trends. 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 collected detailed market-participant level activity data from the RTOs for the first full year in 2013, 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 also looking at the

use of electric and natural gas market models that would aid in uncovering market participant behavior that may be of interest from an enforcement standpoint and will also aid the Commission in understanding market evolution and interplay. 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.

#### *Transparency*

In order to meet its statutory obligations under the Federal Power Act and the Natural Gas 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 with the potential to use other data streams to create a more comprehensive analysis.

To increase transparency and to adapt to changes in the market since the Electric Quarterly Report was created in 2002, the Commission is collecting Electronic 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. This added data will 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.

### AUDITS

The Commission will continue to use audits to work actively to identify and appropriately address areas of risk to non-compliance. 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. An increasing amount of audit staff time is devoted to reviewing jurisdictional entities' compliance programs and providing 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 2014, the Commission completed 19 audits of public utilities and natural gas pipelines. These audits resulted in 162 recommendations for corrective actions and directed over \$11.7 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 2015 audits and those anticipated for FY 2016 include: transmission incentives, capacity markets, energy trading, market-based rates, formula rates, mergers and acquisitions, gas tariffs, nuclear decommissioning, and accounting and reporting audits.

#### *Implementation of Recommendations*

The Commission will also 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 carry out enhancements 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 non-compliance.

#### *Outreach*

The Commission will stress the importance of having a robust compliance program and the timely implementation of audit

recommendations at industry conferences, meetings, and speaking engagements and in the Commission's 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 returned. 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 timely processes accounting filings 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.

## 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; improvements in the financial transparency of emerging technologies such as electrical energy storage assets; 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 Enforcement Report to better inform them of areas of high risk of non-compliance that the Commission addressed in the current fiscal year.

**In FY 2014, Commission staff issued 9 notices of alleged violations, opened 17 new investigations and brought 15 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.**

## INVESTIGATIONS

In FYs 2015 and 2016, 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 2014, the Commission approved settlements in nine investigations. These FY 2014 settlements amounted to almost \$25 million in civil penalties and over \$4 million in disgorged unjust profits plus interest.

In FY 2014, the Commission set for hearing before an Administrative Law Judge an investigation of BP America, Inc. for alleged market manipulation involving natural gas trading. 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.

In FY 2014, Commission staff issued nine notices of alleged violations, opened 17 new investigations and brought 15 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 2014, the Commission received 73 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 was released on November 20, 2014.

## 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 2014, the Commission opened 211 Enforcement Hotline matters, most of which resulted in prompt, informal resolution. Of these, 14 were still pending at the end of FY 2014.



# Performance Measure

## Objective 1.2

Performance Measure 4					
Percentage of audit recommendations implemented within six months of issuance.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	95%	95%	95%	95%
<b>Result</b>	95%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a



**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 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 <i>(Dollars in thousands)</i>		FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Percent Change FY 2015 to FY 2016
Objective 2.1	FTE	239	256	256	0.0%
	Funding	\$ 52,596	\$ 59,862	\$ 60,341	0.8%
	Program Funding	40,492	44,382	47,254	6.5%
	Support Funding	12,104	15,480	13,086	-15.5%
Objective 2.2	FTE	231	242	242	0.0%
	Funding	\$ 48,373	\$ 53,602	\$ 52,167	-2.7%
	Program Funding	36,724	38,956	39,786	2.1%
	Support Funding	11,649	14,646	12,381	-15.5%
Subtotal Goal 2	FTE	470	498	498	0.0%
	Funding	\$ 100,969	\$ 113,464	\$ 112,508	-0.8%
Total with Application of PY Budget Authority	PY Application	-	(7,460)	-	
	Funding	\$ 100,969	\$ 106,004	\$ 112,508	6.1%

# 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. 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 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 2014, 69 percent of major pipeline projects used the voluntary pre-filing process. Of the projects that used the pre-filing process, all of the environmental documents were issued by Commission staff within eight months of determining the applications complete. During this same time, the Commission authorized 44 major natural gas pipeline projects which resulted in approximately 407 miles of additional pipeline and over 398,000 horsepower of mainline compression. Three storage projects were also authorized, resulting in approximately 1.6 billion cubic feet of working gas capacity and 500 horsepower of storage compression. As in FY 2013, many of the pipeline proposals approved in FY 2014 involved the development of projects overlying shale basins that increase the deliverability of existing pipeline systems. These expansion projects, including pipeline looping and compressor station additions as well as short pipeline extensions, are designed

to accommodate increased market demand and utilization of the increased production of multiple shale plays.

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 2016. 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 2014, the Commission conducted the pre-filing review of 10 LNG projects, consisting of both new LNG terminals and modifications of existing LNG facilities. Five of those projects subsequently filed applications. In addition to other pending LNG projects, this resulted in the Commission's processing of 16 applications for new LNG terminals 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 seven LNG export terminal applications to be under review by the Commission through FY 2016.

### ***Outreach***

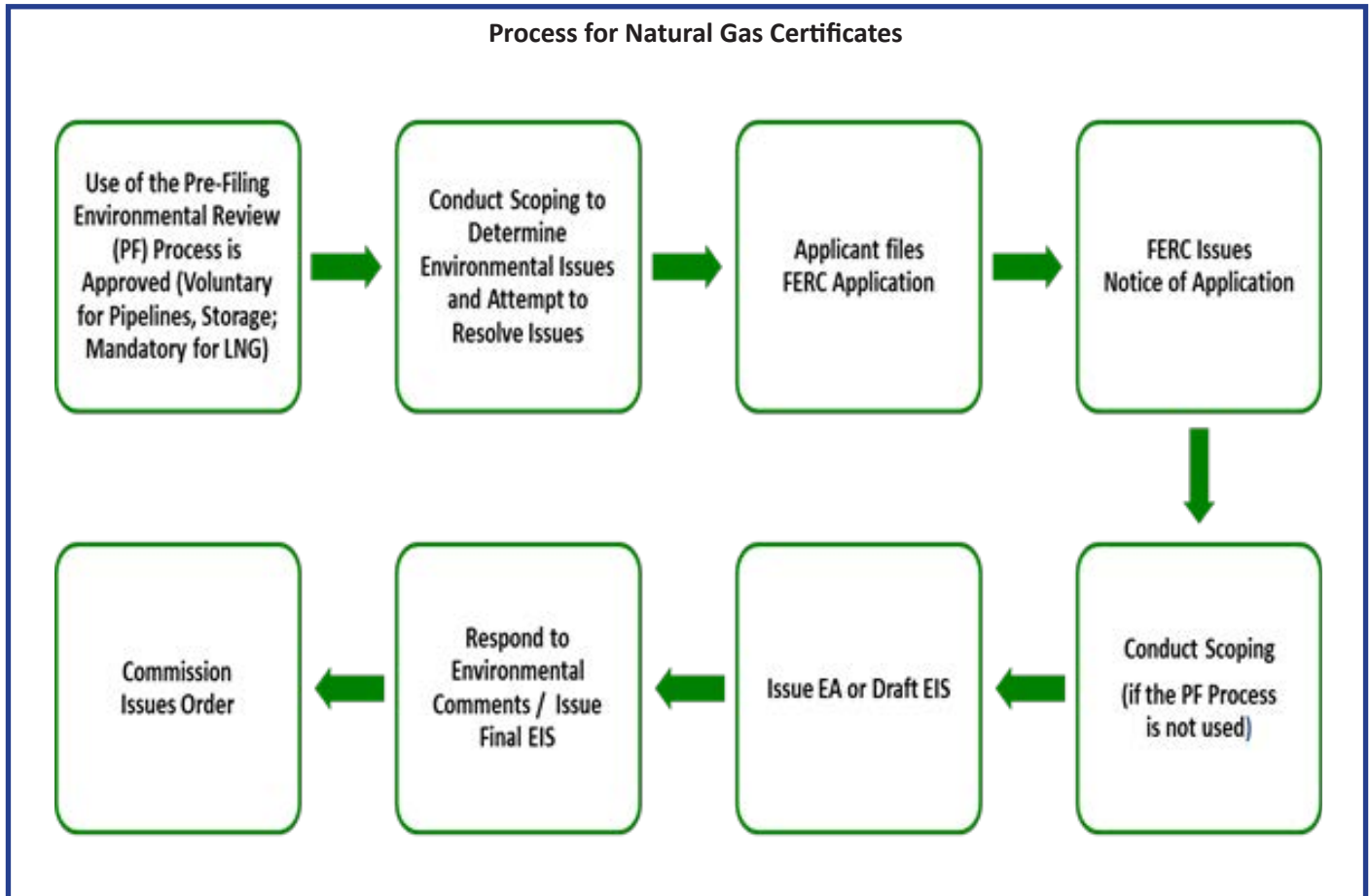
The Commission regularly conducts natural gas environmental training seminars to provide guidance and insight on the Commission's environmental review process and compliance-related matters. These sessions, which provide an opportunity for open dialogue between Commission staff and stakeholders, are 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 2014, Commission staff conducted three 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 2016, the Commission proposes to conduct three seminars.

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 2014, contacts were made with 74 tribes and meetings were held with six tribes.

### Alaska Natural Gas Pipeline Project

The Commission has been fully engaged for several years in the pre-filing review of a proposal to construct and operate an Alaska natural gas pipeline, extending from the North Slope of Alaska to the Alaska-Canada border. In FY 2012, the project sponsor notified the Commission that it was deferring further development of its

project option to Alberta while it investigated an option to build an LNG export supply line to south Alaska. In FY 2014, the project sponsor moved forward with a planned LNG export project and associated pipeline facilities, and the Commission began its responsibilities as the lead federal agency for conducting the NEPA review of the Alaska LNG Project later in the year. The Commission will be engaged in the pre-filing review until a formal application is filed, which is anticipated to be in late FY 2016. The pre-filing and application review process will require up to four weeks of on-site work in Alaska by Commission staff in FY 2016.



## HYDROPOWER PROGRAM

### Pre-Filing and Applications

The pre-filing process typically begins three years prior to the filing of a license application.<sup>1</sup> Throughout this process, Commission staff will meet with stakeholders to develop study plans and ensure that the licensing proposal will be complete by the time the application is filed. The Commission anticipates 70 pre-filing processes in FY 2016. In the course of these processes, the Commission expects its staff to attend 38 scoping and study plan meetings, and to participate in numerous tribal consultations.

Commission staff conducts NEPA environmental analyses for all filed hydropower project applications. The Commission is responsible for ensuring that the environmental document

<sup>1</sup> A relicensing application must be filed with the Commission no later than two years before the license expires.

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 the protection, mitigation, and enhancement measures to be included in any license issued. In FY 2014, Commission staff issued 27 draft and final environmental documents and participated in four post-filing public meetings associated with its environmental analyses. Issuance performance measure targets were met on 16 of 17 final environmental documents. 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 2016.

In FY 2014, the Commission acted on 21 applications representing a total capacity of 3,360 megawatts. In FY 2014, the Commission received 30 license applications of which 21 were for original



projects and the remaining nine were for projects with expiring licenses. In FY 2016, the Commission expects to receive 15 original applications due to a continued interest in developing new projects, and 20 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 2014, there were over 200 permits in effect.

**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.**

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 pump 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 2016, the Commission anticipates 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 2014, the Commission issued 31 letters on these qualifying conduits.

### **Outreach**

In the past several years, Commission staff has held workshops to assist licensees with specific issues. In FY 2014, staff held a Shoreline Management Workshop in Hawley, Pennsylvania that was attended by over 60 licensees from across the country to discuss shoreline uses and management along the reservoirs. Staff also held a recreation workshop in Colorado to assist licensees in completing the Commission’s Licensed Hydropower Development Recreation Report (Form 80), which tracks recreational facilities and use at hydropower projects. These workshops also provide an

opportunity to discuss innovations and trends in public recreation. Based on the feedback from these workshops, Commission staff anticipates providing additional recreation and shoreline management workshops in FY 2016.

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 2014, 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 2014, Commission staff processed 61 applications for non-project uses of project lands. 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 (36 of the 61 applications). These applications seek to reduce the number of large docks to allow for an increase in docking slips for smaller boats. 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. Typically, certain areas are reserved for public recreation; in others, uses consistent with residential and commercial development on adjacent, non-project lands are permitted; and some are restricted in order to protect environmental values. 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 Measure

## Objective 2.1

Performance Measure 5					
Percent of orders issued within established timeframes.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	Hydropower Orders: 75% Natural Gas Orders: 90%	Hydropower Orders: 75% Natural Gas Orders: 90%	Hydropower Orders: 75% Natural Gas Orders: 90%	Hydropower Orders: 75% Natural Gas Orders: 90%
<b>Result</b>	Hydropower Orders: 80% Natural Gas Orders: 100%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

# 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. These responsibilities include ensuring the safety of 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 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.

### SAFETY PROGRAMS

Failure of an LNG facility or a non-federal hydropower project potentially can result in loss of life and significant 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 and LNG facilities 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.

### HYDROPOWER

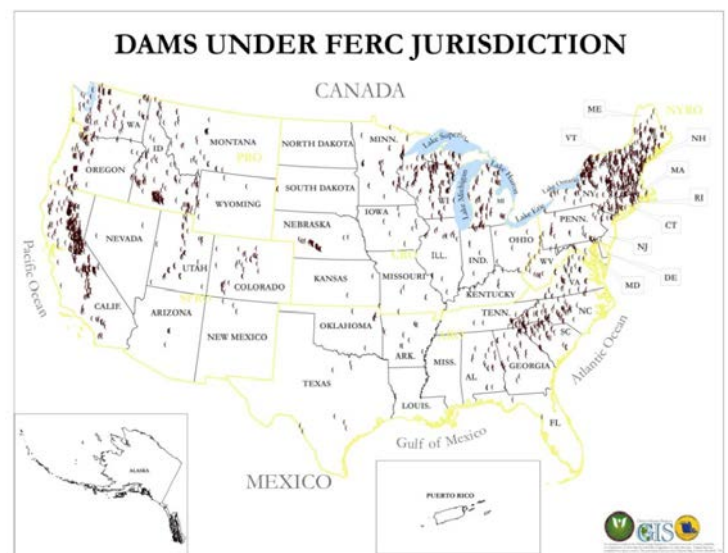
The Commission's dam safety program applies advances in technology to address the technical challenges presented by the national water resources infrastructure (much of which is aging) to ensure that jurisdictional Commission dams are safe. Before projects are constructed, the designs, plans, and specifications of the proposed facility are reviewed and approved. Through ongoing operations inspections, the Commission is able to verify that the dams meet current Commission dam safety criteria, identify necessary investigations, remedial modifications or required maintenance, and ensure compliance with license requirements. In FY 2016, 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 (EAP), which are required for all jurisdictional dams. These plans require the development, maintenance, and periodic testing of project-specific plans, and they help ensure 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 2016.

Risk-informed decision making provides the capability to assess non-traditional failure modes, levelize risk across different loading



**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

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 2016, the Commission will implement 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.

**LNG**

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

The Commission is responsible for inspecting LNG facilities during construction and subsequently, during their operation, to ensure compliance with the safety and reliability requirements put into place by the Commission. While facilities are under construction, Commission engineers conduct inspections at least once every eight weeks. In FY 2014, seven inspections were conducted at the two terminal expansions under construction. At a minimum, 24 construction and pre-operational inspections are anticipated for FYs 2015 and 2016. This number is significantly greater than FY 2014 due to start of construction at two additional terminal expansion projects. The FY 2016 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 2014, 17 operational inspections were conducted at seven peak-shaving facilities and 10 LNG terminals. The number of operational inspections is expected to be 18 in FY 2016.

**RELIABILITY OF THE BULK POWER SYSTEM**

EPAct 2005 amended the FPA to charge FERC with overseeing the reliability of the bulk power system. The Commission draws on the substantial experience of its staff, including electrical engineers with many years of experience in the utility industry, to facilitate the reliable and secure operation of the facilities and control systems that comprise the bulk power system. 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 enforcement of reliability standards which apply to all users, owners and operators of the bulk power system. The Commission also reviews major blackouts to determine whether standards were violated or should be changed to help prevent future blackouts. In addition, the Commission oversees audits, investigations, and proposed penalties of the ERO and the ERO regional representatives 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 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 must remand the filing to the ERO for reconsideration. The Commission may direct the ERO to develop and submit a new or modified Reliability Standard on a specific matter.

One illustration of this process involves the ERO's Critical Infrastructure Protection (CIP) Reliability Standards (CIP Standards). The Commission has previously approved Version 5 of the CIP Reliability Standards, which focuses on cyber security, while concurrently directing modifications. As a result of the directives, the ERO is developing modifications to the approved CIP Version 5 Standards, to be filed in FY 2015. Commission staff's oversight of developing modifications, processing of subsequent filings, as well as oversight of the transition of, and compliance with, the currently approved and anticipated new or modified CIP Standards, will be a significant effort through FY 2016.

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 November 2013, the ERO submitted a Geomagnetic Disturbance (GMD) Operations Reliability Standard. In June 2014, the Commission issued a Final Rule, approving the GMD Reliability Standard. Commission staff's processing of an additional GMD, filing due January 2015, will be undertaken through early FY 2016.

Similarly, in March 2014, the Commission issued an order directing the ERO to develop one or more Physical Security Reliability Standards that will require certain registered entities to take steps, or demonstrate that they have taken steps, to address physical security threats and vulnerabilities related to the reliable operations of the bulk power system. In June 2014, the ERO filed a Physical Security Reliability Standard for Commission approval,

and the Commission issued a Final Rule approving the Physical Security Reliability Standard in November 2014. Commission staff's oversight of the ERO's development of directed modifications is expected through FY 2015.

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. Commission staff's oversight of the effort, as well as the processing of any subsequent filings, is expected through early FY 2016.

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. Commission staff's oversight of the ERO's efforts to address the concerns identified in the Notice of Proposed Rulemaking to remand these Reliability Standards, as well as the processing of the subsequent filings, will be ongoing through early 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.



**RELIABILITY 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.

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. Related analysis and a determination of potential actions will be an ongoing effort through FY 2016.

The ERO is authorized to impose, after notice and opportunity for a hearing, penalties for violations of the Reliability Standards, subject to Commission review and approval. When the Regional Entities or the ERO identifies a violation of a Reliability Standard, whether through self-reports, audits, investigations, or complaints, the ERO either processes it under its Find, Fix Track and Report program, or submits a notice of penalty filing for Commission approval. Such a filing includes a record supporting a finding of a violation of one or more Reliability Standards, a proposed penalty, and a mitigation plan to remedy the violation(s) and prevent a recurrence.

The Commission anticipates changes to the ERO's compliance monitoring and enforcement program through FY 2016. Notably, in FY 2015, the ERO submitted a filing describing and providing justification for 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, and which would lead to major changes in audit approaches, both in breadth and depth, and in how entities report non-compliance.

**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. Amid these threats, the Commission coordinates with other government agencies and regulated entities to maintain awareness of threats, activities, and capabilities of adversaries that may initiate a cyber or physical attack on energy infrastructure within FERC's jurisdiction. The Commission's collaboration in this area with regulated entities provides an important complement to FERC's related responsibilities for both regulatory requirements and enforcement.

The Commission supports the development and encourages implementation of effective tools and techniques to enhance protection of jurisdictional infrastructure through the extensive technical expertise of its staff, which includes highly-skilled electrical engineers and information technology specialists. Commission staff provides a unique perspective that draws on both decades of experience in regulating this infrastructure and extensive experience in grid operations. These contributions from the Commission reduce the risk of cyber and physical security threats to vital energy infrastructure. Finally, the Commission collaborates with government partners and industry to identify key facilities that present the greatest risk, helps guide security assessments, proposes mitigation measures to protect jurisdictional energy infrastructure, and facilitates the sharing of best practices.

Moreover, it is important to understand the impact that individual facilities 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 conduct outreach to facility owners and operators to promote security improvements at those facilities. In coordination with these actions, Commission staff will proactively examine threats and potential vulnerabilities in the cyber and/or physical security posture of those facilities through onsite assessments. These assessments will 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 addition, the Commission will perform on-site security posture assessments to identify vulnerabilities, and convey threat information to industry owners and operators through secure briefings.

The Commission also will provide timely and effective security threat briefings and presentations in both classified and unclassified settings to strategic partners, including state commissions who also have jurisdictional oversight of the energy infrastructure. The Commission will continue and build upon its commitment to these roles in FYs 2015 and 2016.

# Performance Measures

## Objective 2.2

Performance Measure 6					
Percent of hydropower facilities that have approved dam safety programs.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	75%	80%	85%	90%
<b>Result</b>	64%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

Performance Measure 7					
Percentage* of LNG facility recommendations implemented by established timeframes.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	70%	90%	90%	90%
<b>Result</b>	n/a	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

Performance Measure 8					
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.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	Below 0.5%	Below 0.5%	Below 0.5%	Below 0.5%
<b>Result</b>	0.1%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

\* 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.

**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.

**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 <i>(Dollars in thousands)</i>		FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Percent Change FY 2015 to FY 2016
Objective 3.1	FTE	147	152	152	0.0%
	Funding	\$ 28,411	\$ 31,549	\$ 30,656	-2.8%
	Program Funding	20,945	22,347	22,872	2.3%
	Support Funding	7,466	9,202	7,784	-15.4%
Objective 3.2	FTE	61	51	51	0.0%
	Funding	\$ 13,248	\$ 12,138	\$ 11,904	-1.9%
	Program Funding	10,178	9,075	9,320	2.7%
	Support Funding	3,070	3,063	2,584	-15.6%
Objective 3.3	FTE	74	77	77	0.0%
	Funding	\$ 14,650	\$ 16,269	\$ 15,812	-2.8%
	Program Funding	10,912	11,641	11,900	2.2%
	Support Funding	3,738	4,628	3,912	-15.5%
Subtotal Goal 3	FTE	282	280	280	0.0%
	Funding	\$ 56,309	\$ 59,956	\$ 58,372	-2.6%
Total with Application of PY Budget Authority	PY Application	-	(4,145)	-	
	Funding	\$ 56,309	\$ 55,811	\$ 58,372	4.6%



# Objective 3.1

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

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 is making 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 FERC is planning to make.

### HUMAN CAPITAL MANAGEMENT

In FY 2014, the Commission continued strategic human capital mitigation strategies to account for the potential loss of approximately 30 percent of its staff to retirement by FY 2018. The agency continues to focus its human capital efforts on the competencies and positions most affected by attrition of this type and hiring ahead of attrition. In FYs 2015 and 2016, the Commission will continue to aggressively recruit and hire human resources to fill the void left by separating employees. The Commission will focus on the execution of its hiring processes to ensure it maximizes allocated financial resources in a timely fashion.

### ELIBRARY UPGRADE

The Commission uses a suite of hardware and software called eLibrary that functions as the system of record for all FERC-issued orders, industry filings, 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 information technology (IT) infrastructure. The contract for the upgrade of this system was awarded in FY 2014 and the implementation plan projects the completion of this effort by August 2015. Concurrently, there are several workflow applications that will be started in FY 2015 and continue into FY 2016 to interact with the modernized eLibrary solution.

### CLOUD FIRST

In February 2011, the federal CIO issued a technical strategy for IT projects that require federal IT organizations to consider cloud technologies, where possible, when planning and designing new IT systems. In FY 2014, the Commission finalized implementation of a cloud e-mail solution. In keeping with the Cloud First strategy, the contract for the eLibrary system upgrade was also awarded to a cloud provider to be hosted and managed in a "software as a Service" model. 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.

### HEADQUARTERS MODERNIZATION

With GSA's lease of the Commission's 888 First Street Headquarters building set to expire in September 2015, the Commission and GSA are partnered in extensive efforts to secure a long-term solution to support the Commission's central base of operations. Congress has recently given GSA the authority to execute a 10-year renewal option on the Commission's Headquarters building. The Commission will execute this modernization project pursuant to GSA space use policy. As required by the Prospectus, GSA and the Commission have outlined a plan to consolidate its occupancy within the Commission's Headquarters building by vacating approximately 52,000 square feet (i.e. 12 percent of existing occupancy), which would include relocating employees currently located at 1100 First Street back to the Commission's Headquarters building.

This building modernization has required considerable effort beginning in FY 2014 with planning and design and extensive construction of the headquarters building beginning in FY 2016, with a target of completion during FY 2020. The modernization project is estimated to cost approximately \$58 million. The Commission is expecting to fund approximately \$19.7 million in FY 2015. The initial funding will cover initial project requirements associated with basic construction costs, such as planning, design, demolition and reconstruction. It will also cover contractor support necessary to reconfigure the Commission's office space in a manner that meets the reduction goals by the end of the project schedule. In FY 2016, the Commission will fund approximately \$2.5 million to continue the modernization effort.

While achieving the required space reductions, the Commission will take the opportunity to modernize the floor configurations to a more open environment that will enhance natural light throughout the space and provide for optimal design flexibility. The Commission will also create a design process that includes input from employees to balance the new mandatory space policy limitations with business support requirements necessary to effectively perform the agency's work.

# Performance Measures

## Objective 3.1

Performance Measure 9					
Average Hiring Cycle Time.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	55 calendar days	55 calendar days	55 calendar days	55 calendar days
<b>Result</b>	55 calendar days	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

Performance Measure 10					
Percent reduction in targeted information technology costs.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	To be determined.	To be determined.	To be determined.	To be determined.
<b>Result</b>	n/a	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

Performance Measure 11					
Time and cost of building modernization effort relative to established schedule and budget.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	6 Milestones completed.	To be determined.	To be determined.	To be determined.
<b>Result</b>	4 Milestones completed.	n/a	n/a	n/a	n/a
<b>Status</b>	Initial Planning Milestones Met	n/a	n/a	n/a	n/a

# 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.

### COMPETENCY-BASED TRAINING PROGRAM AND CORPORATE KNOWLEDGE MANAGEMENT APPROACH

The Commission will heavily invest 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 competency-based training program to mitigate knowledge management risks associated with 30 percent of the agency’s workforce being eligible for retirement in the next five years. In FYs 2015 and 2016, the agency will continue to implement a learning management system that will serve as the vehicle for deploying training for the most populous occupations. With regard to knowledge management activities, 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 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.



### 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 2014, 66.3 percent of Commission employees completed the FEVS, and results showed that the Commission was one of the top agencies in the Federal Government, ranking fifth in mid-sized agencies for the Partnership for Public Service’s Best Places to Work in Government. In addition, the Commission’s Office of the General Counsel was the top ranked sub-agency component in all of the Federal Government. The Commission will analyze these results and also conduct employee outreach activities in FYs 2015 and 2016 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.

### FERC REMOTE WORK CAPABILITY

In FY 2012, the Commission revised its existing telework policy to incorporate provisions of the Telework Enhancement Act of 2010. In order to fully implement this mandate and support an increasingly mobile workforce, the Commission has initiated several efforts, including conversions to laptops as standard government issued equipment; implementation of logistical access using personal identification verification (PIV) cards; implementation of federated single sign-on; instantiation of teleconferencing technology and services; and the piloting of virtual desktops. These efforts are currently ongoing through a phased approach with anticipated completion in FY 2015. The Commission’s goal in FY 2016 going forward is to enable its users to communicate and work seamlessly regardless of location or device.

# Performance Measures

## Objective 3.2

Performance Measure 12					
Percent of milestones that are met in the deployment of a competency-based training program using automated tools.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Target</b>	-	100% of planned milestones achieved	100% of planned milestones achieved	100% of planned milestones achieved	100% of planned milestones achieved
<b>Result</b>	Resource Planning Completed	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a

Performance Measure 13					
Employee Satisfaction Favorability Rating.					
	FY 2014	FY 2015	FY 2016	FY 2017	FY2018
<b>Target</b>	-	69%	69%	69%	71%
<b>Result</b>	69%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a



# 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.

As the Commission's web page is 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.

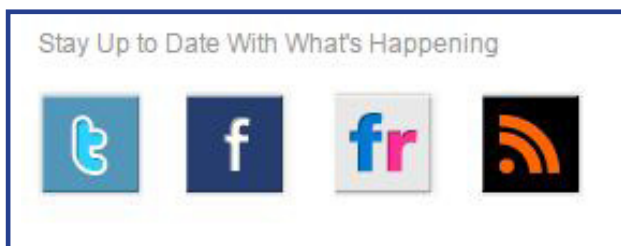
Communicating with Congress on the Commission's actions also is an important priority, and staff pays particular attention to orders that affect individual members and their constituents, notifying them when significant decisions or milestones arise. Additionally, the Commission responds in a timely 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*) 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 more than tripled 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 expects to implement 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 Measure

## Objective 3.3

Performance Measure 14					
Percent of Commission filings and issuances that are disseminated to public within established timeframes					
	FY 2014	FY 2015	FY 2016	FY 2017	FY2018
<b>Target</b>	-	86%	92%	96%	97%
<b>Result</b>	81%	n/a	n/a	n/a	n/a
<b>Status</b>	Baseline	n/a	n/a	n/a	n/a



**Appendix**  
**A**

**Historical Performance Measures and Annual Targets**  
**FY 2010 - 2014**

**Performance Data for Just and Reasonable Rates, Terms and Conditions**  
**FY 2010 - 2014**

<b>Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated.</b>		
Year	Target	Result
FY 2010	Evaluate ISO/RTO filings on barriers to demand response. Complete and submit National Action Plan on Demand Response	Target Met. In FY 2010, issued orders evaluating 6 filings submitted by RTOs and ISOs to identify barriers to demand response and to comply with other requirements of Order No. 719.  Completed and published on June 17, 2010, a National Action Plan on Demand Response (Docket No. AD09-10)
FY 2011	As appropriate, issue Notice of Proposed Rulemaking on further steps to eliminate barriers to demand resources, including steps identified in National Action Plan on Demand Response	Target Exceeded. On March 18, 2010, the Commission issued a notice of proposed rulemaking in Docket No. RM10-17-000, on Demand Response Compensation in Organized Wholesale Energy Markets, which proposed to eliminate a barrier to demand response resources receiving the same compensation as other supply-side resources selling into the organized wholesale electric market. The Commission was able meet the FY 2012 target ahead of schedule and issued the final rule, Order No. 745, requiring that demand response resources be paid the same market-clearing price as other resources was issued on March 15, 2011.
FY 2012	As appropriate, issue Final Rule on further steps to eliminate barriers to demand resources	Target Met. On December 15, 2011, the Commission issued Order 745-A, Demand Response Compensation in Organized Wholesale Energy Markets order on rehearing.
FY 2013	Implement Final Rule as appropriate	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets (Docket No. ER11-4338-000).
FY 2014	Monitor implementation and performance. Evaluate performance and seek changes as necessary	Target Met. Commission staff, as appropriate, monitored participation of demand response in organized wholesale markets. On May 23, 2014, in a split ruling in the case of Electric Power Supply Association v. FERC, No. 11-1486 (D.C. Cir. May 23, 2014), the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated and remanded FERC's final rule on demand response compensation in organized wholesale electric markets. On July 7, 2014, the Commission requested to rehearing en banc of the May 23, 2014 decision. The court denied this request September 17, 2014. On October 20, 2014, the D.C. Circuit granted FERC's motion to stay the issuance of the court's mandate during the period in which the court's decision could be appealed to the U.S. Supreme Court.



Best practices for demand response products and procedures will be explored and, as appropriate, implemented in organized wholesale electric markets.		
Year	Target	Result
FY 2010	Perform outreach with ISOs/RTOs, demand response providers, and others; as appropriate, issue NOPR on best practices	Target Met. Engaged in outreach between October 1, 2009 and January 31, 2010 with RTOs/ISOs, demand response providers, retail industry, technology providers and state regulators regarding practices affecting demand response products and procedures. One of the best practices identified concerned the level of compensation paid to demand response resources participating in wholesale electricity markets. On March 18, 2010, issued a notice of proposed rulemaking entitled Demand Response Compensation in Wholesale Electric Markets (Docket No. RM10-17).
FY 2011	As appropriate, issue Final Rule on best practices	Target Met. The Commission issued Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, on March 15, 2011. Having identified a best practice used by some RTOs to compensate demand response resources at the same price received by other supply-side resources, such as generation, the final rule required all RTOs to pay comparable compensation to demand response resources in their own markets.
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission has reviewed the filings made by six RTOs and ISOs to comply with Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets. The Commission determined that implementation of the Final Rule as proposed by five of the six RTOs and ISOs is appropriate, subject to additional compliance requirements in some instances, and issued orders on these five compliance filings. The Commission is determining whether implementation of the Final Rule as proposed in the sixth compliance filing is appropriate.  Further, the Commission addressed other best practices by issuing a notice of proposed rulemaking on Standards for Business Practice and Communication Protocols for Public Utilities - Wholesale Electric Quadrant Demand Response Standards on April 19, 2012.
FY 2013	Monitor implementation and performance	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets.  Further, the Commission on February 21, 2013, issued a Final Rule (Order No. 676-G) adopting Standards for Business Practices and Communications Protocols for Public Utilities.
FY 2014	Evaluate performance and seek changes as necessary	Target Met. Commission staff, as appropriate, monitored participation of demand response in organized wholesale markets. On May 23, 2014, in a split ruling in the case of Electric Power Supply Association v. FERC, No. 11-1486 (D.C. Cir. May 23, 2014), the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated and remanded FERC's final rule on demand response compensation in organized wholesale electric markets. On July 7, 2014, the Commission requested to rehearing en banc of the May 23, 2014 decision. The court denied this request September 17, 2014. On October 20, 2014, the D.C. Circuit granted FERC's motion to stay the issuance of the court's mandate during the period in which the court's decision could be appealed to the U.S. Supreme Court.

All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.		
Year	Target	Result
FY 2010	Perform outreach to identify the need for modification or creation of additional ancillary services, and issue NOPR, as appropriate	Target Not Met. Engaged in outreach between October 1, 2009 and June 30, 2010 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. On January 21, 2010, issued a Notice of Inquiry seeking public comment on the extent to which reforms are necessary to ensure that wholesale electricity tariffs, including those governing ancillary services, remain just, reasonable and not unduly discriminatory (Integration of Variable Energy Resources, Docket No. RM10-11-000). The Commission received over 2,000 pages of comments from industry, state & federal agencies, and consumer interests, which are being analyzed by Commission staff to determine the need to modify existing, or create additional, ancillary services through a NOPR. Because of the large number of comments, more time is needed to develop specific proposals to include in a NOPR. Work on a NOPR proposal will continue into the FY11. Although the Commission did not issue the NOPR in FY10, it will not have a negative impact on achieving future targets or overall program performance.
FY 2011	As appropriate, issue Final Rule on ancillary service products and procedures	Target Not Met. Until recently, generation resources provided all ancillary services used to support open access transmission services offered by transmission-owning utilities, RTOs and ISOs. New technologies, such as demand response and energy storage devices, are now available and capable of providing some needed ancillary services. A notice of inquiry was issued on Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies on June 15, 2011 (RM11-24-000). A notice of proposed rulemaking on Frequency Regulation Compensation in the Organized Wholesale Power Markets was issued on February 17, 2011. A draft final rule was submitted for the Commission's consideration on September 29, 2011. This will not have a negative impact on program performance.
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission issued Order Nos. 755 and 755-A, Frequency Regulation Compensation in Organized Wholesale Power Markets on October 20, 2011 and February 16, 2012, respectively. The Commission has reviewed the filings made by five RTOs and ISOs to comply with the Final Rule. The Commission determined that implementation of the Final Rule as proposed by three of the RTOs and ISOs is appropriate, subject to additional compliance requirements in some instances, and issued orders on these three compliance filings. The Commission is determining whether implementation of the Final Rule as proposed in the two remaining compliance filing is appropriate.  Further supporting this measure, the Commission issued a notice of proposed rulemaking on Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies on June 21, 2012.

All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.		
Year	Target	Result
FY 2013	Monitor implementation and performance	<p>Target Met. The Commission issued orders on the two remaining compliance filings associated with Order No. 755, Frequency Regulation Compensation in the Organized Wholesale Power Markets. Further, a filing by a regional transmission organization not initially subject to Order No. 755 was made in FY 2013 and is pending Commission action.</p> <p>Further supporting this measure, the Commission issued Order No. 784, adopting the notice of proposed rulemaking on Third Party Provision of Ancillary Services; Accounting for Financial Reporting for New Electric Storage Technologies.</p>
FY 2014	Evaluate performance and seek changes as necessary	<p>Target Met. The Commission issued an order on clarification of Order No. 784 on February 20, 2014. The Commission has also approved compliance filings for all of the ISO/RTOs, except CAISO, as well as numerous compliance filings authorizing ancillary services sales in the bilateral markets.</p>

Market reforms which will allow renewable resources to compete fairly will be explored and, as appropriate, implemented in Commission-jurisdictional markets.		
Year	Target	Result
FY 2010	Perform outreach with industry and issue staff white paper identifying potential need for and types of market reforms	<p>Target Met and Exceeded.</p> <p>Conducted outreach between October 1, 2009 and June 30, 2010 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. After the outreach was completed, the Commission determined a Notice of Inquiry could be issued in lieu of a staff white paper and still achieve the same purpose. On January 21, 2010, issued an NOI seeking comment on the integration of variable energy (renewable) resources (Integration of Variable Energy Resources, Docket No. RM10-11-000).</p>
FY 2011	Issue a NOI/NOPR on market reforms, if appropriate	<p>Target Met. The Commission issued a notice of proposed rulemaking, Integration of Variable Energy Resources (RM10-17-000) on November 18, 2010.</p>
FY 2012	Issue Final Rule on market reforms, if appropriate	<p>Target Met. On June 21, 2012, the Commission issued Order No. 764, Integration of Variable Energy Resources.</p>
FY 2013	Monitor implementation and performance	<p>Target Met. On December 20, 2012 and September 19, 2013, the Commission issued orders on rehearing of Order No. 764, Integration of Variable Energy Resources.</p> <p>The Commission also extended the deadline for submission of compliance filings from September 11, 2013 to November 12, 2013.</p>

<b>Market reforms which will allow renewable resources to compete fairly will be explored and, as appropriate, implemented in Commission-jurisdictional markets.</b>		
FY 2014	Evaluate performance and seek changes as necessary	Target Met. The Commission has acted on 33 of 35 filings submitted in compliance with Order No. 764 . The Commission issued Order No. 792 on November 21, 2013, implementing improvements in the process of interconnecting small generators and storage to the electric transmission grid.

<b>By FY 2014, efficiency in market operations will be enhanced through deployment of new software and optimization of hardware.</b>		
Year	Target	Result
FY 2010	Internal release of staff white paper; industry outreach, including technical conferences, to identify best practices	Target Met. Explored opportunities to enhance operational efficiency in jurisdictional markets through the deployment of new modeling software and optimization of market operations. Staff held three conferences in June 2010 to gather information from the public regarding modeling and software enhancements. On July 29, 2010, delivered a white paper to the Commission's Chief of Staff outlining opportunities for further work on this project.
FY 2011	Pursue voluntary adoption of best practices by RTOs/ISOs; if appropriate, issue Policy Statement and/or NOI/NOPR	Target Met. A technical conference exploring best practices was convened on June 28-30, 2011. At the conference, market operators and others discussed best practices, software improvements and optimization processes. This forum allows for the diffusion of knowledge of useful best practices, reports to a wide audience on improvements under development, and provides useful information that market operators can use to access improvements in their own operations based on the best practices of their peers.
FY 2012	Follow-up workshops on best practices implementation; issue Final Rule, if relevant	Target Met. On March 20, 2012, a workshop on best practices in software planning modeling was held.  A Final Rule is not relevant for this performance measure. In FY 2011, it was determined that a technical conference would be more effective in furthering implementation of best practices than initiating a rulemaking proceeding. Without a rulemaking proceeding in FY 2011, pursuance of a Final Rule in FY 2012 was no longer relevant. Rather, staff held a follow-up workshop to identify best practices in the specific area of software planning modeling.
FY 2013	Monitor implementation and performance	Target Met. The Commission held a meeting on Potential Improvements in Computational Models for Markets of the Future to Enhance the Efficiency of Independent System Operators Markets in 2025 on May 2, 2013. The Commission also held a Technical Conference on Increasing Real-Time and Day-Ahead Market Efficiency Through Improved Software (AD10-12-004) on June 24-26, 2013.
FY 2014	Evaluate performance and seek changes as necessary	Target Met. A meeting on ISO Market Design was held April 10, 2014 and a Technical Conference on Increasing Real-Time And Day-Ahead Market Efficiency Through Improved Software (AD10-12-005) was held June 23-25, 2014.



By FY 2014, the performance of markets within and outside of ISOs/RTOs will be measured using a common set of metrics.*		
Year	Target	Result
FY 2010	Explore and develop appropriate operational and financial metrics for ISOs/RTOs	<p>Target Not Met.</p> <p>During FY 2010, Commission staff worked with RTO and ISO staff, stakeholders and other experts to develop standardized metrics to track the performance of RTOs and ISOs and transactions in the markets they administer. Proposed metrics were made publicly available for comment in February 2010, and Commission staff has reviewed comments submitted on the proposed metrics. While the final metrics were not issued during FY 2010, this had no adverse impact on the program. The Commission expects to release the final metrics in early FY 2011 and to collect data from the RTOs and ISOs shortly thereafter. These final metrics will measure performance with respect to a number of areas, including: reliability standards, customer costs, demand response market penetration, and transmission investment.</p>
FY 2011	Explore and develop appropriate operational and financial metrics for non-ISO/RTO regions	<p>Target Not Met. Commission staff has been engaged in a voluntary and collaborative process with a diverse group of non-RTO utilities to develop proposed operational and financial performance metrics for non-RTO regions. Outreach meetings were held in September 2011 with major industry organizations to discuss the proposed performance metrics. Following these outreach meetings, the proposed performance metrics will be issued for public comment. In FY 2012, Commission staff will issue a report that addresses the comments and recommends the final list of performance metrics. Participating non-RTO utilities will then issue their reports on these final metrics and Commission staff will issue a final report. While the final metrics were not issued during FY 2011, Commission staff is on schedule to issue final metrics in FY 2012 which will have no adverse impact on the program. Commission staff expects to release the final metrics and collect data from non-RTO utilities on these metrics by the third quarter of FY 2012.</p>
FY 2012	Explore and develop appropriate operational and financial metrics for non-ISOs/RTO regions	<p>Target Not Met. Beginning in FY 2011, Commission staff has been engaged in a voluntary and collaborative process with a diverse group of non-RTO utilities to develop proposed operational and financial performance metrics. It has taken longer than anticipated for this group to organize and reach consensus on a list of proposed metrics. In February 2012, the draft metrics were issued for public comment with an extended comment period of 75 days, 45 days longer than the typical 30 day comment period. Commission staff expects to issue in FY 2013 a report that will recommend a final list of performance metrics. This will not have a negative impact on program performance.</p>
FY 2013	Establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs	<p>Target Met. Staff issued a report specifying performance metrics for regions outside ISO and RTO markets. The metrics in this report are a subset of the ISO and RTO performance metrics and therefore represent common metrics that are applicable to all regions.</p>
FY 2014	Monitor implementation and performance	<p>Target Met. In FY 2014, staff issued a report measuring the performance of markets within and outside ISOs/RTOs using a common set of metrics.</p>

\* The FY 2012 Performance Target reflects an adjustment made to the Commission's Strategic Plan as allowed by the GPRA Modernization Act of 2010.

By FY 2014, appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.*		
Year	Target	Result
FY 2010	Develop guidelines/tariff provisions to apply to filings/issues amenable to consensual resolution	<p>Target Not Met. During FY 2010, staff reviewed and categorized two years of recent Commission orders which set cases for consensual resolution/hearing. Internal dialogue with senior staff and program managers provided additional understanding into the types of cases which may be amenable to consensual resolution. Through these efforts, a baseline of the types of cases and issues that the Commission traditionally sets for consensual resolution/hearing was established.</p> <p>Following this internal communication, staff identified a list of approximately 30 external stakeholders who could provide valuable insight to the guideline development process. Acquiring the input from these external stakeholders has taken significantly more time than anticipated because the number of external parties is much higher than originally planned. The meetings that have occurred to date have been very productive and the Commission staff will continue to meet with the remaining parties throughout the first and second quarters of FY 2011. Although the Commission did not finalize the guidelines in FY 2010, it will not have a negative impact on overall program performance. The Commission staff will work diligently in FY 2011 to incorporate into the guidelines the external parties' feedback. Further, the Commission will make every effort to initiate the pilot in the second half of FY 2011 in accordance with the established target date.</p>
FY 2011	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs	<p>Target Not Met. The Commission was not able to meet this target due to the retirement of key management personnel during FY 2011. However, staff was able to make significant progress by meeting with 13 external stakeholder organizations. These organizations represent a broad spectrum of industries subject to Commission regulation. Their input was sought on new areas and types of issues where collaborative processes could foster the settlement of proceedings. Based on suggestions received in these meetings, staff prepared recommendations on additional issues and types of Commission proceedings where collaborative processes may be the most effective. Although the guidelines were not implemented in FY 2011, it will not have a negative impact on overall program performance.</p>
FY 2012	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs	<p>Target Not Met. No additional measures for consensual resolution were identified as feasible; therefore, this measure is no longer applicable. This will not have a negative impact on program performance.</p>

\* The FY 2012 Performance Target reflects an adjustment made to the Commission's Strategic Plan as allowed by the GPRM Modernization Act of 2010.

<b>By FY 2014, 70 percent of company compliance programs reviewed on Commission audits for the audit focus areas are found to be adequate to demonstrate a culture of compliance.</b>		
Year	Target	Result
FY 2010	10%	Target Met. 50% (2/4) of compliance programs were found to demonstrate an adequate culture of compliance.  Because this performance measure is new for FY 2010, only audits that were started and completed in FY 2010 were included. In determining which audits would be included in the universe for this measure, the Commission developed general guidelines. In order to maintain consistency over time, only large, multi-scope audits will be included in this measure's universe.
FY 2011	25%	Target Met. The Commission found that 63% (5/8) of compliance programs were adequate to demonstrate a culture of compliance.
FY 2012	40%	Target Met. The Commission found that 67% (8 of 12) compliance programs were adequate to demonstrate a culture of compliance.
FY 2013	55%	Target Met. 90% (18 out of 20) of compliance programs found to be adequate to demonstrate a culture of compliance.
FY 2014	70%	Target Met. 89% (17/19) of compliance programs found to be adequate to demonstrate a culture of compliance.

<b>By 2014, 70 percent of compliance programs reviewed through investigations that involve a penalty are found to be sufficiently robust to merit credit to reduce the penalty.</b>		
Year	Target	Result
FY 2010	10%	Target Met. During FY 2010, 26 percent (20 out of 77) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2011	25%	Target Met. In 32% (32/100) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2012	40%	Target Met. In 43% of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2013	55%	Target Met. In 55% (10 out of 18) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2014	70%	Target Met. In 71% (5 out of 7) of the relevant cases, Commission staff found company compliance programs to merit credit to reduce or eliminate penalties.

By FY 2014, 80 percent of the Commission’s audit program will be planned using a risk-based approach.		
Year	Target	Result
FY 2010	40%	Target Met. 55% (52/94) audits planned using a risk-based approach.
FY 2011	60%	Target Met. 85% (57/67) of the audits were planned by the Commission staff using a risk-based approach.
FY 2012	80%	Target Met. 88% (43/49) of the audits were planned by the Commission staff using a risk-based approach.
FY 2013	80%	Target Met. 98% (47/48) of audits planned using a risk-based approach.
FY 2014	80%	Target Met. 100% (33/33) of audits planned using a risk-based approach.

**Performance Data for Infrastructure**

**FY 2010 - 2014**

By FY 2014, 50 percent of all new transmission projects will incorporate advanced technologies.		
Year	Target	Result
FY 2010	5%	Target Met. In FY 2010, the Commission acted on 11 requests for incentives or negotiated rate authority for new transmission. Of those 11 requests, the Commission found one project (9 percent) which included advanced transmission technologies.
FY 2011	10%	Target Met. Of the projects that met the criteria, 67% (10/15) incorporated advanced technologies.
FY 2012	20%	Target Met. Of the projects that met the criteria 68% (17 projects) incorporated advanced technologies.
FY 2013	35%	Target Met. Of the 25 projects that met the criteria, 16 (64%) incorporated advanced technologies.
FY 2014	50%	Target Met. Of the projects that met the criteria, 30 (61%) incorporated advanced technologies.



By 2014, all public utilities will implement open and transparent transmission planning processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources.		
Year	Target	Result
FY 2010	Assessment of transmission planning process best practices, including the potential for collaborative decision making, and issue NOPR, as appropriate (Assessment includes how options to transmission are considered.)	Target Met. Upon review of more than 3,000 pages of comments and significant staff-led outreach, staff prepared recommendations for Commission consideration that led to the issuance of a NOPR on June 17, 2010 (Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000).
FY 2011	As appropriate, issue Final Rule on transmission planning process best practices	Target Met. The Commission issued the final rule, Order No. 1000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, (RM10-23-000) on July 17, 2011.
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission in Order No. 1000 encouraged public utility transmission providers to engage in frequent dialogue with Commission staff to explore issues that are specific to each transmission planning region in preparing their compliance filings (which are due in October 2012). To facilitate that dialog, Commission staff identified regional meetings where public utilities intended to discuss compliance with Order No. 1000, and participated, by phone and in-person, at 173 of those meetings. Staff's participation was both to monitor the progress of each region and to act as a resource for public utility transmission providers and stakeholders about issues related to Order No. 1000. In addition, staff was available to answer questions and meet with public utility transmission providers and stakeholders that had specific questions about Order No. 1000 compliance.
FY 2013	Monitor implementation and performance	Target Met. In FY 2013, the Commission issued fifteen orders addressing all of the initial regional compliance filings. Also, Commission staff attended, in person and through teleconference, various Order No. 1000 open meetings held in each transmission planning region. At these meetings, staff provided assistance to public utilities, stakeholders and other interested parties regarding the interregional compliance requirements of Order No. 1000.
FY 2014	Evaluate performance and seek changes as necessary	Target Met. In FY 2014, the Commission issued orders on twelve second round regional compliance filings made by public utility transmission providers. The Commission has received and Commission staff have reviewed interregional compliance filings from all regions.

By FY 2014, 100 percent of jurisdictional natural gas companies will be examined for feasibility of installing waste heat recovery systems.		
Year	Target	Result
FY 2010	20%	Target Met. In FY 2010, Commission staff examined 44 (20 percent) of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems.

By FY 2014, 100 percent of jurisdictional natural gas companies will be examined for feasibility of installing waste heat recovery systems.		
FY 2011	40%	Target Met. Commission staff examined a total of 40% of the Commission's jurisdictional natural gas companies (65 of 159) for feasibility of installing waste heat recovery systems. In FY 2011 specifically, Commission staff examined 32 companies.
FY 2012	60%	Target Met. In FY 2012, Commission staff examined a total of 62% of the Commission's jurisdictional natural gas companies (98 of 159) for feasibility of installing waste heat recovery systems. In FY 2012 specifically, Commission staff examined 33 companies.
FY 2013	80%	Target Met. Between FYs 2010 and 2013, Commission staff examined a total of 81% of the Commission's jurisdictional natural gas companies (129 of 159) for feasibility of installing waste heat recovery systems. In FY 2013 specifically, Commission staff examined 31 companies.
FY 2014	100%	Target Met. Between FYs 2010 and 2014, Commission staff examined a total of 100% of the Commission's jurisdictional natural gas companies (169 of 169) for feasibility of installing waste heat recovery systems. In FY 2014 specifically, Commission staff examined 40 companies.

By FY 2014, risk-informed decision making will be incorporated into the FERC dam safety program.		
Year	Target	Result
FY 2010	Develop action plan	Target Met. In FY 2010, the Commission developed and finalized its RIDM Action Plan which outlines the work efforts required over the next four years to incorporate RIDM into its dam safety program.
FY 2011	Portfolio Risk Assessment of FERC dam inventory	Target Not Met. In FY 2011 the Commission did not complete the Portfolio Risk Assessment; however, the screening level portfolio risk assessment tool was finalized.
FY 2012	Determine RIDM is consistent with regulatory process	Target Met. As a result of the Screening Level Portfolio Risk assessment of the Commission's dams conducted in FY 2012, it was determined that RIDM could be incorporated into the Commission's dam safety program.
FY 2013	Finalize policy and technical guidelines	Target Met. Ten chapters finalizing the policy and technical guidelines on the use of Risk Informed Decision Making in the Commission's Dam Safety Program have been completed.

FY 2014	Fully incorporate RIDM into the dam safety program	Target Met. RIDM has been incorporated into the FERC Dam Safety Program; licensees may request the use of RIDM, and, if the necessary conditions are met, the request will be approved. The chapters developed to date provide the necessary guidelines to implement RIDM in the FERC Dam Safety Program. The Commission will continue to seek input on the Engineering Guidelines and current comments on seven Engineering Guidelines chapters. The comment period on these chapters will end April of 2015. In addition, two pilot studies are underway, and it is expected that two more will be conducted within the next year. The Commission expects to continually improve upon the RIDM program to maintain the highest levels of engineering expertise available.
---------	--	---

<b>By FY 2014, proposed Reliability Standards will be processed in a timely manner at least 80 percent of the time.</b>		
Year	Target	Result
FY 2010	75%	Target Met. 96% of filed reliability standards have orders issued within 18 months.
FY 2011	75%	Target Met. 97% of proposed reliability standards have been processed with orders issued within 18 months.
FY 2012	75%	Target Met. 100% of filed reliability standards (including regional and CIP standards) have been processed with orders issued within 18 months.
FY 2013	80%	Target Met. 100% of filed reliability standards have orders issued within 18 months (includes regional and CIP standards).
FY 2014	80%	Target Met. 100% (26 of 26) of filed reliability standards have been processed with orders issued within 18 months.

<b>By FY 2014, Reliability Standards will be enforced effectively, resulting in a reduction of the frequency of repeat violations by at least 10 percent.</b>		
Year	Target	Result
FY 2010	Establish tracking process	Target Met. The Commission developed in FY 2010 a database to track violations from Notices of Penalty filed by the ERO. As part of this process, the Commission determined the measurable parameters (e.g., what constitutes a repeat violation over a designated time period) to facilitate a determination as to the observed rate of repeat violations of the Reliability Standards.
FY 2011	Track violations per entity	Target Met. Through the tracking mechanism established in FY 2010, staff has been tracking violations per entity during FY 2011 to analyze the current rate of violations and establish a baseline rate. A report analyzing the collected data from Notices of Penalty filed by the ERO was completed by 8/31/11.
FY 2012	Track violations per entity	Target Met. The annual report analyzing FY 2011 data was completed on December 2, 2011 and an additional mid-year report was completed on July 30, 2012.
FY 2013	Identify number of repeat violations using NOPs	Target Met. The Commission developed a report, tracking and analyzing repeat violations.

FY 2014	Decrease repeat violations by 10%	Target Not Met. The cumulative repeat rate for FY 2014 was 35.8%, which is above the target rate of 19.5%. The measure was not met due to several external factors, including NERC’s shift away from increasing penalties as a deterrent and towards resource efficiency. Nevertheless, staff concluded that the overall reliability objective, protecting reliability by effectively enforcing the Reliability Standards, was met.
---------	-----------------------------------	---

<b>By FY 2014, reliability parameters that could affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid will be finalized.</b>		
Year	Target	Result
FY 2010	Establish contacts and develop research, data collection and reporting processes	Target Met. In FY 2010, Commission staff established approximately 100 industry contacts across the nation and internationally. The Commission has led and participated in the efforts to conduct technical studies on Frequency Response, Electromagnetic Pulse and the potential impact of early Coal Plant retirements due to potential regulations. The research the Commission staff has done on complex and highly technical studies provide guidance and direction in establishing the parameters to protect and preserve reliability as industry integrates large amounts of renewable generation into the bulk power system.
FY 2011	Track studies and identify or propose reliability parameters. Perform initial analysis to assess if they are feasible for the bulk power system	Target Met. Commission staff performed and completed analyses on the Frequency Response study including identifying reliability parameters. The report on Frequency Response was issued in January 2011. NERC’s Reliability Metrics Work Group adopted Frequency Response as a reliability parameter to track on a trial basis.
FY 2012	Track studies and identify or propose reliability parameters. Perform expanded analysis to assess if they are feasible for the bulk power system	Target Met. Commission staff tracked three studies identifying several reliability parameters and performed two expanded analyses to assess their feasibility. Specifically, staff 1) performed detailed technical analysis related to the Arizona-Southern California outages showing system operating limits, interconnection reliability operating limits, voltage collapse and special protection scheme reliability parameters were not appropriately considered; 2) tracked and conducted an expanded detailed analysis of the EPA regulations on the Bulk Power System and participated in the Commission-led technical conference; and 3) analyzed documentation and conducted a technical workshop on voltage coordination on high voltage grids to assess the feasibility of adjusting voltage reliability parameters.
FY 2013	Present analysis to industry	Target Met. The Commission received and reviewed industry comments in response to the Commission-issued report on Frequency Response.
FY 2014	Consider industry input and finalize the parameters	Target Met. After reviewing the industry comments in response to the Commission-issued report on Frequency Response, Commission staff determined that no changes to the parameters were warranted.

# Appendix B

## Workload Tables

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2015 Estimate		
<b>Pipeline Certificates</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>
Construction Activity	52	68	53	67	110	110	67	120	120	67
Prior Notice & Abandonments	20	81	77	24	90	90	24	100	100	24
Compliance Filings & Reports	0	413	413	0	390	390	0	390	390	0
Environmental Analysis	30	179	174	35	160	160	35	160	160	35
Compliance & Safety Inspections	0	260	260	0	350	350	0	350	350	0
LNG Inspections	0	18	17	1	17	18	0	18	18	0
Rehearings	15	20	20	15	20	20	15	20	20	15
Complaints	1	1	0	2	2	2	2	2	2	2
Declaratory Orders	1	10	8	3	2	2	3	2	2	3
Remands	1	0	0	1	2	2	1	2	2	1
Dispute Resolution Services	2	25	20	7	30	30	7	32	35	4

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
<b>Hydropower Licensing</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>
Original Licenses	40	22	13	49	10	25	34	10	25	19
Relicenses	57	9	11	55	1	15	41	22	20	43
5 MW Exemptions	1	1	1	1	1	1	1	1	1	1
Preliminary Permits	53	83	107	29	85	89	25	85	85	25
Rehearings	2	39	24	17	25	35	7	25	25	7
Declaratory Orders	2	2	3	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	0	0	0	0	0	0
Dispute Resolution Services	1	1	1	1	1	2	0	2	2	0

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



	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
<b>Project Compliance and Administration</b>	P	R	C	P	R	C	P	R	C	P
Amendments	507	2,192	2,122	577	2,126	2,270	433	2,194	2,325	302
Jurisdiction	5	8	7	6	6	6	6	6	6	6
Federal Lands	20	108	100	28	175	178	25	130	120	35
Headwater Benefits	4	118	118	4	126	125	5	127	128	4
Compliance	110	683	708	85	790	805	70	770	768	72
Surrenders, Transfers	7	50	34	23	105	93	35	62	75	22
Conduit Exemptions	7	30	35	2	21	20	3	13	14	2
Environmental Inspections And Assistance	0	38	38	0	47	47	0	50	50	0
Rehearings	0	7	5	2	7	8	1	7	7	1
Complaints	3	4	2	5	1	1	5	1	1	5
Dispute Resolution Services	0	0	0	0	1	1	0	1	1	0

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
<b>Dam Safety and Inspections</b>	P	R	C	P	R	C	P	R	C	P
Operational Inspections	1,172	1,365	1,389	1,148	1,407	1,404	1,151	1,417	1,396	1,172
Prelicense Inspections	6	7	12	1	12	10	3	11	12	2
Construction Inspections	58	122	143	37	164	169	32	147	159	20
Exemption Inspections	196	272	251	217	273	275	215	272	264	223
Special Inspections	70	145	164	51	165	170	46	163	158	51
Engineering Evaluation & Studies	2,068	8,919	9,084	1,903	9,121	9,344	1,680	9,043	8,961	1,762
Part 12 Reviews	152	168	164	156	162	167	151	174	151	174
Dam Safety Reviews	10	17	19	8	20	24	4	17	16	5
EAP Tests – Functions	15	60	41	34	50	61	23	56	53	26
EAP Tests – Table Top	6	50	44	12	32	32	12	38	36	14

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

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
Rates and Tariffs	P	R	C	P	R	C	P	R	C	P
Gas Certificates & Rate Evaluations	112	54	58	108	70	70	108	70	70	108
Market-Based Rates	1,065	3,261	3,100	1,226	2,900	3,000	1,126	2,900	3,000	1,026
Cogeneration/Small Power Producers (QF)	71	1,323	974	420	1,375	1,700	95	1,375	1,375	95
Dispute Resolution Services (Electric)	3	12	9	6	14	18	2	15	17	0
Rehearings (Electric)	454	166	202	418	160	200	378	160	200	338
Complaints (Electric)	47	57	57	47	50	50	47	50	50	47
Declaratory Orders (Electric)	21	21	18	24	50	50	24	50	50	24
Remands (Electric)	5	1	0	6	0	2	4	0	2	2
Negotiated Rates	46	626	630	42	625	630	37	625	630	32
Cost-Based Rates	952	4,146	3,913	1,185	4,300	4,100	1,385	4,200	4,100	1,485
Dispute Resolution Services (Gas)	1	1	1	1	3	4	0	4	4	0
Rehearings (Gas)	58	17	27	48	20	50	18	20	30	8
Complaints (Gas)	3	4	4	3	3	2	4	3	5	2
Declaratory Orders (Gas)	11	1	8	4	2	4	2	2	3	1
Remands (Gas)	2	0	0	2	1	2	1	1	2	0
RTO and ISO Filings	76	259	247	88	300	300	88	300	300	88
Dispute Resolution Services (Oil)	0	0	0	0	1	1	0	1	1	0
Rehearings (Oil)	34	7	3	38	3	30	11	5	15	1
Complaints (Oil)	3	8	10	1	6	6	1	5	5	1
Declaratory Orders (Oil)	4	20	20	4	25	25	4	20	21	3
Remands (Oil)	0	0	0	0	1	1	0	1	1	0

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
Corporate Applications	P	R	C	P	R	C	P	R	C	P
Interlocking Positions, Other Corporate Filings	89	816	797	108	820	800	128	820	800	148
Mergers, Acquisitions & Dispositions	24	154	148	30	160	160	30	160	160	30

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

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
<b>Electric Grid Reliability</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>
Reliability Standards	131	122	150	103	150	138	115	135	124	126
Interpretations/Erratas of Reliability Standards	3	12	3	12	3	12	3	3	3	3
Reliability Filings by ERO/RE	30	24	12	42	6	12	36	6	11	31
Standards Compliance Audits	2	17	17	2	15	15	2	17	17	2
Notices of Penalty-Violations	139	1,389	1,439	89	1,380	1,354	115	1,368	1,369	114

	FY 2013 Actual	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
<b>Legal Matters</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>	<b>R</b>	<b>C</b>	<b>P</b>
Cases Set for Hearing	55	76	74	57	80	80	57	80	80	57
Settlement Judge Proceedings	32	59	63	28	65	65	28	65	65	28
Appellate Review	115	120	125	110	120	125	105	115	120	100
Audits	34	10	19	25	20	22	23	20	20	23
Accounting	67	342	345	64	350	347	67	360	357	70

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

# Appendix C

## Acronyms and Abbreviations

CAISO	California Independent System Operator Corp.
CIP	Critical Infrastructure Protection
CIP Standards	Critical Infrastructure Protection Reliability Standards
EAP	Emergency Action Plan
EISA	Energy Independence and Security Act of 2007
EPAct 2005	Energy Policy Act of 2005
ERO	Electric Reliability Organization
FERC or the Commission	Federal Energy Regulatory Commission
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
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.
OMB	Office of Management and Budget
PURPA	Public Utility Regulatory Policies Act of 1978
PJM	PJM Interconnection, LLC
PY	Prior Year
RTO	Regional Transmission Organization



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)

[www.FERC.gov](http://www.FERC.gov)