ANNUAL PERFORMANCE REPORT FOR FISCAL YEAR 2003

FEDERAL ENERGY REGULATORY COMMISSION
FEBRUARY 2004

Pat Wood, III
Chairman

ANNUAL PERFORMANCE REPORT
FOR FISCAL YEAR 2003

FEDERAL ENERGY REGULATORY COMMISSION
FEBRUARY 2004

Pat Wood, III
Chairman

CONTENTS

The Commission

The Federal Energy Regulatory Commission (FERC, the Commission) is an independent regulatory agency within the Department of Energy. Its function is to oversee America's electric utilities, natural gas industry, hydroelectric projects and oil pipeline transportation system.

> ***Mission***
>
> ***The Federal Energy Regulatory Commission regulates and oversees energy industries in the economic and environmental interest of the American public.***

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 which was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission.

The Commission has five members who are appointed by the President with the advice and consent of the Senate to five-year staggered terms. Each Commissioner has an equal vote on regulatory matters and no more than three Commissioners may belong to the same political party. One member is designated by the President to serve as Chair and is the Commission's administrative head.

Hydropower is the oldest area of Commission jurisdiction. The Commission's predecessor began federal regulation of non-federal hydroelectric generation in 1920, authorizing the construction of projects in interstate commerce and overseeing their operation and safety.

Since 1935, the Commission has regulated certain electric utility activities under the Federal Power Act (FPA). Under FPA Sections 205 and 206, the Commission oversees the rates, terms and conditions of sales for resale of electric energy and transmission service in interstate commerce by public utilities. The Commission must ensure that those rates, terms and conditions are just and reasonable, and not unduly discriminatory or preferential. Under FPA Section 203, the Commission reviews mergers and other asset transfers involving public utilities. The utilities regulated under FPA sections 203, 205 and 206 are primarily investor-owned utilities; government-owned utilities (such as the Tennessee Valley Authority, the federal power marketing agencies, and municipal utilities) and most cooperatively-owned utilities are not subject to the Commission's regulation, with certain exceptions.

The Commission may not regulate retail sales or local distribution of electricity. These are matters left to the states by the FPA. Nor does the Commission have a role in authorizing the construction of new generation facilities (other than non-federal hydroelectric facilities) or transmission facilities. These too are state or local responsibilities.

The Commission's role in the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Under NGA, the Commission regulates the construction of new natural gas pipelines and related facilities and oversees the rates, terms and conditions of sales for resale and transportation of natural gas in interstate commerce. Pipeline siting and construction is authorized by the Commission if found to be required by the public convenience and necessity. As with hydropower licensing, the Commission's actions on pipeline projects typically require consideration of factors under the National Environmental Policy Act (NEPA), the Endangered Species Act, the Fish and Wildlife Coordination Act, the Coastal Zone Management Act and other such legislation. Regulation of retail sales and local distribution of natural gas are matters left to the states.

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

Full Cost Recovery

Congress annually adopts a budget appropriation authorizing the Commission to use funds from the Treasury to meet operating expenses. The Commission collects the full cost of its operations from annual charges and fees authorized by the FPA, Omnibus Budget Reconciliation Act of 1986 and other laws. The Commission subsequently returns to the Treasury all revenue from annual charges and fees; therefore, there is no direct taxpayer funding.

Internal Controls

The Commission's internal control program includes internal reviews conducted by each office. The Financial Managers Fiscal Integrity Act (FMFIA) requires that agencies identify material internal control problems and report them to management. External auditors, such as the Department of Energy's Office of the Inspector General and the General Accounting Office, conduct audits annually. This year's reviews indicate a reasonable assurance that the Commission's management controls were working effectively, that applicable laws were being followed, and that our resources were safeguarded against waste, loss, or unauthorized use.

Organizational Structure
Approximately 1,214 full time equivalents carried out the Commission's mission in FY 2003 utilizing a budget of $192 million.

Below is a list of offices within the agency as well as a short description of the role they play in the Commission's operations.

Office of Energy Projects (OEP) – Fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric and natural gas pipeline energy projects that are in the public interest. Included in OEP are FERC's five regional offices located in Atlanta, Georgia; Chicago, Illinois; New York, New York; Portland, Oregon and San Francisco, California.

Office of Markets, Tariffs and Rates (OMTR) – Deals with matters involving markets, tariffs and rates relating to electric, natural gas and oil pipeline facilities and services.

Office of Market Oversight and Investigation (OMOI) – Oversees and assesses the operations of the nation's gas, oil pipeline and electricity markets.

Office of Administrative Law Judges (OALJ) – Resolves contested cases as directed by the Commission effectively, efficiently and expeditiously, either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved.

Office of the General Counsel (OGC) – Provides legal services to the Commission. OGC represents the Commission before the courts and Congress and is responsible for the legal phases of the Commission's activities. Included in OGC is Dispute Resolution Service (DRS). DRS assists participants to achieve resolution of disputes through consensual decision making.

Office of Administrative Litigation (OAL) – Litigates or otherwise resolves cases set for hearing. Represent the public interests and seek to litigate or settle cases in a timely, efficient and equitable manner while ensuring the outcomes are consistent with Commission policy.

Office of External Affairs (OEA) – Responsible for all external communications with the public and media for the Commission.

Office of the Secretary (OSEC) – Serves as the official focal point through which all filings are made for proceedings before the Commission.

Office of the Executive Director (OED) – Provides administrative support services to the Commission including human resources, procurement, organizational management, financial, logistics, information technology and other.

STRATEGIC PLAN

The United States has the world's most durable market economy, every sector of which depends vitally on energy. Our primary duty is to promote dependable, affordable energy, and thereby support a strong, stable national economy. To fulfill this obligation, we have three main goals:

- *Adequate infrastructure*. Promote a secure, high-quality, environmentally responsible infrastructure.
- *Competitive energy markets*. Create and maintain competitive energy markets by advancing competitive market institutions and establishing balanced, self-enforcing market rules.
- *Vigilant market oversight*. Protect customers and market participants through vigilant and fair oversight of energy markets.

Confidence in our Nation's energy markets has been affected by the problems in Western energy markets that occurred in 2000 and 2001 and, more recently, by high prices for natural gas and the August 14, 2003, blackout experienced in large areas of the Midwest, the Northeast, and Canada. The Commission is making steady progress in resolving the Western energy crisis and has begun addressing the issues in natural gas markets that are within its authority. In the wake of the blackout, electric reliability is at the top of the Commission's agenda for 2004. Commission staff is participating in the joint U.S.-Canada investigation into the causes of the blackout and possible solutions to avoid future blackouts. Yet, more remains to be done to restore confidence in energy markets so that necessary additions to infrastructure can be financed at reasonable prices. This will require balanced and fair market rules and vigilant oversight of energy markets in the future.

The Commission's primary emphasis must be to facilitate a full transition to competitive wholesale energy markets as soon as possible, and to address crucial issues that arise during the transition. The Commission's Strategic Plan, as outlined in Appendix A, lays out the goals of the Commission as follows:

Energy Infrastructure. Goal: Promote a Secure, High-quality, Environmentally Responsible Infrastructure Through Consistent Policies. This goal will encourage investment in the infrastructure needed to sustain energy markets by removing roadblocks, providing cost recovery clarity and welcoming innovative thinking about rates and use of new technology. By focusing on infrastructure, this goal covers many of the Commission's important traditional responsibilities, for example, pipeline certificates, hydropower licenses and preliminary permits, compliance activities, environmental and other licensing conditions, dam safety inspections and most rate determinations.

Competitive Markets. Goal: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation. This goal focuses on

FERC's need to complete the transition to competitive energy markets as quickly and comprehensively as possible. We believe that the best sustainable path to competitive power markets is to establish regional transmission organizations (RTOs) implementing fair market rules, allowing for regional difference. The Commission also needs to establish balanced, self-enforcing market rules in wholesale electric markets, and encourage continued efforts by industry groups to standardize reliability and business practice standards, promote the use of demand-side participation in energy markets, and establish regional transmission planning. Along with some traditional work in the area of rate determinations, this goal furthers work on initiatives begun in the last couple of years such as RTOs and new policies for natural gas.

Market Oversight. Goal: Protect Customers and Market Participants Through Vigilant and Fair Oversight of the Transitioning Energy Markets. This goal will ensure that competitive energy markets benefit the Nation over the long run. FERC must offer the public and market participants credible assurance that FERC will identify and remedy energy market problems to maintain just and reasonable rates. At the systemic level, FERC needs to recognize problems when, or before, they develop and craft solutions quickly. The Commission must also be able to police individual behavior in markets much more effectively than in the past. Work toward this goal also includes more traditional work, such as some aspects of litigation, dispute resolution, complaints, mergers and auditing.

The Commission has restructured its Strategic Plan by reclassifying its Resource Management program from a Commission goal to management initiatives supporting all goals and objectives. The Commission's budget request has followed suit by allocating its funding requests among the three programs listed above, with funding for management initiatives allocated among these programs. Management initiatives include functions such as enhancing the talents and skills of the staff through recruitment and training, building effective, customer-friendly information technology (IT) services, supporting the Commission with logistics and financial services and strengthening strategic management processes. Management initiatives also include the Commission's communication, outreach and collaboration efforts.

BUSINESS PLAN

FERC's Business Plan details the Commission's activities and resource allocations to meet the Strategic Plan's goals and objectives. The Business Plan enables management to tie budget resources to Commission activities. To build in accountability, the Business Plan also identifies responsible offices, due dates and priorities. Developing the Business Plan is an iterative process; it is helping to identify which activities move the Commission toward particular goals and objectives. Future iterations will better refine priorities, identify gaps in implementation, organize resource allocation, and ensure the results the

Commission wants to see by allowing FERC to more accurately compare estimated to actual resource use by strategic goals.

MAKING MARKETS WORK

Immediate Responses

Immediately after the blackout of August 14, 2003, Commission staff participated fully in the Joint U.S.-Canadian investigation. The Commission is reexamining the role it can play under its existing authority to assure the reliable operation of the Nation's electric grid. For example, the Commission ordered FirstEnergy Corporation to pay for an independent study of the adequacy of transmission and generation facilities in Northeastern Ohio, where the massive blackout started. The Commission expects to act on several reliability initiatives in the coming months, both to get ready for the summer peak period and to help ensure that necessary improvements to the grid are built in a timely fashion.

While the Commission hopes Congress will pass reliability legislation early in 2004, the Commission can not wait to move forward on reliability issues. The Commission's goal is to set up a viable mechanism for reliability standards by next summer, so is starting to work with industry and market participants on such issues as determining what types of reliability standards might be appropriate, what measures might be used for auditing, how training of control room operators might be improved, and how reliability might be better enforced.

The Commission responded to the crisis in Western energy markets by mitigating unjustifiably high electric prices and ensuring that power sellers did not withhold supplies to drive prices up. These measures provided customers with relief from extreme spot market prices. Several of the Commission's efforts in this regard are not yet completed and require additional work in the future.

For example, the Commission has taken important steps to provide refunds to customers for purchases made in the organized spot power markets in California from October 2, 2000 through June 20, 2001. In an order issued in March 2003, the Commission adopted many findings proposed by a Commission Administrative Law Judge (ALJ) regarding refunds, and also revised the formula for calculating the refunds, which will increase refunds significantly compared to the ALJ's recommendation. While much of the Commission's work on the refund issues has been completed, certain steps are still pending.

The Commission responded to allegations of market manipulation by Enron and others by directing its Staff to undertake an exhaustive, year-long investigation, not only of Enron but also of all other market participants in the West. The initial phase of the investigation culminated in March 2003 with Staff's Final Report on Price Manipulation in Western Markets. In the Final Report, Staff found clear evidence of market manipulation in the Western markets.

Based on Staff's Final Report, the Commission has taken measures to prevent such behavior in the future. For instance, in June 2003, the Commission took the unprecedented step of revoking several Enron companies' authorization to trade in electric and gas markets at market-based rates. The Commission also directed over 60 power trading companies to explain why their trading practices were not manipulative and submit all relevant information pertaining to specific actions and transactions during the California energy crisis. Although this litigation will take time to complete, many settlements have already been reached.

Also in June 2003, the Commission proposed to amend electric power sellers' market-based rate tariffs and gas sellers' blanket certificate authority to include clear "rules of the road" that prohibit anticompetitive behavior. The Commission acted on these proposals in November 2003 by issuing a set of market behavior rules to help prevent market abuse, provide a more stable marketplace, and create an environment that will attract needed investment capital in the electric and natural gas industries.

In addition, we uncovered instances in which unregulated companies took loans from regulated subsidiaries to the detriment of ratepayers. We are currently examining ways to ensure that customers do not suffer from such behavior. For example, in June 2003, we implemented an Interim Rule requiring Commission-regulated companies to maintain documentation when they share their cash with affiliates. We also proposed new quarterly financial reporting rules to help the Commission meet its goal of vigilant oversight in energy markets by providing the Commission and the financial community with more timely, relevant and transparent financial information. The Commission implemented the rules on a final basis in October 2003, thereby providing additional financial transparency of these arrangements. This action will aid the Commission in its oversight and market monitoring responsibilities.

Long-Term Responses

Infrastructure

A robust natural gas pipeline infrastructure is critical for the reliability of the Nation's energy supply and for competitive market development. To meet growing demand for natural gas, the Commission must respond quickly to the need to expand and construct pipelines and related facilities. The Commission's rate policies, consistently applied to transportation infrastructure projects, must give investors confidence that they will have an opportunity to recover their investments, and provide rate certainty to customers as well.

For example, in 2003, we issued a certificate authorizing the "Grasslands" project proposed by Williston Basin Interstate Pipeline Company to provide much needed pipeline capacity for transporting gas produced in the Rocky Mountain supply area. The Commission continues to receive and expeditiously process similar applications for all parts of the country.

Another way our Nation can meet its growing need for natural gas is by importing liquefied natural gas (LNG). The Commission has facilitated this development by, for example, authorizing the resumption of LNG imports at Cove Point, Maryland. Similarly, we granted Hackberry LNG, an import terminal facility located in Louisiana, authority to provide service without becoming subject to unnecessary rate and tariff regulation. The Commission has recently received applications for other LNG facilities, based on current and projected market conditions.

In a series of orders, the Commission clarified credit and collateral requirements that pipelines may impose on their customers. These policies allow for the construction of pipeline infrastructure needed to meet critical demand growth, such as new electric generation, while protecting the pipeline and its existing customers from the risks and costs of a non-creditworthy customer's future default. Credit and collateral issues continue to arise in Commission proceedings and require prompt action to ensure that financial risks are allocated fairly among market participants.

In 2003, we issued a Proposed Pricing Policy for Efficient Operation and Expansion of Transmission Grid. This proposed policy will reward transmission owners for joining regional transmission organizations (RTOs) and turning their assets over for RTO operation by providing them with the opportunity to earn higher rates of return on assets than would otherwise be available. It also would reward transmission owners for forming independent transmission companies or taking other measures which make their transmission facilities operationally independent from the activities of market participants. It would also reward transmission owners for pursuing additional measures to operate and expand the transmission grid efficiently in ways that solve RTO-identified system needs using either traditional transmission investments or innovative technologies. Further Commission action is needed to implement this proposed policy.

Energy Markets

Crises can erupt quickly in energy markets, especially in electricity markets, and we are acting to provide a much more stable long-term platform for these markets. Two initiatives are especially important:

- Wholesale Power Market Platform; and
- Market Oversight and Investigations.

Wholesale Power Market Platform. In July 2002, after ten months of unprecedented outreach and dialogue with state commissions, the public, and customer groups, the Commission issued a market design proposal. Since that time, the Commission has continued its extensive outreach efforts with interested parties and has reconsidered several aspects of its proposal to address concerns raised by various stakeholders. In a White Paper on Wholesale Power Market Platform, issued on April 28, 2003, the Commission emphasized its strong commitment to customer-based, competitive wholesale power markets, while underscoring an increasingly flexible approach to regional needs and outlining step-by-step elaborations of its key market design proposal.

The Wholesale Power Market Platform proposal would advance the competitive markets envisioned by two earlier Commission orders, Order Nos. 888 and 2000. Order No. 888, issued in 1996, opened up the Nation's transmission grid through open access transmission tariffs. In 1999, the Commission issued Order No. 2000, which encouraged the creation of RTOs to operate the interstate transmission grid. RTOs bring about increased efficiency through improved grid management and increased customer access to competitive power supplies.

The proposal is designed to establish a customer-based wholesale power market platform. Among its customer-focused objectives are:

- Reliable service - sufficient power to meet demand;
- Fairness – transmission and power at just and reasonable rates;
- Stability – service in a marketplace marked by certainty and fairness;
- Mitigation of market power – ensuring that customers are protected from the types of market power abuses that occurred in California markets in 2000-2001;
- Predictability – good price signals to encourage investment in needed generation and transmission infrastructure; and
- Innovative technology – future technological advances will be accommodated.

The Commission is implementing the proposed market design through voluntary filings. Regional authorities will play a significant role in establishing regional power markets. The Commission would rely on regional state committees to address significant market design features for their regions while ensuring that "seams" issues between regions are minimized. State commission and market participants in each region would have sufficient flexibility to work out the details of how certain core elements would be implemented in their respective regions.

Market Oversight and Investigations. One of the clearest lessons stemming from the electricity crisis in the West is that we need to do a much better job of policing natural gas and electric markets and addressing problems before they become severe. In August 2002, we established a new Office of Market Oversight and Investigations (OMOI). OMOI assesses market performance, ensures conformance with Commission rules, and reports on its findings to the Commission and the public. OMOI also analyzes overall energy markets to identify and remedy key issues before they become major problems, and serves as the "cop on the beat" to ensure that individual market players play by the rules.

The Commission has two main objectives in meeting this goal:

- Assure pro-competitive market structures and operations; and
- Remedy individual market participant behavior as needed to ensure just and reasonable outcomes.

OMOI has given us the ability to track market conditions and address market problems quickly and effectively. This is a necessary part of restoring public confidence in energy markets. Commissioners are updated frequently on market developments.

PERFORMANCE MEASUREMENT RESULTS

To ensure the FERC is making strides in fulfilling its mission, the Commission developed its Strategic Plan and Business Plan as discussed above, as well as performance measures, in accordance with the Government Performance and Results Act of 1993 (GPRA). Included in this section is a sampling of the Commission’s most significant performance measures by program goal for FY 2003. Additional significant accomplishments are also included. A complete list of the Commission’s FY 2003 performance measures and results is included in Appendix B.

The Commission will continue to strive for improvement as we move through this fiscal year and beyond. Evidence of our commitment can be seen in the performance measures and targets for FY 2004 and FY 2005 as reported in Appendix B. Also included in Appendix B are the results to performance measures for the last three fiscal years.

Performance Measurements for Energy Infrastructure

Goal: Promote a Secure, High-Quality, Environmentally Responsible Infrastructure through Consistent Policies

Performance Measurement	Performance Target	Result
Implement generic policy on Large Generator Interconnections and Small Generator Interconnections	Issue final rules on both policies in FY 2003	The Large Generator Interconnection final rule was issued on July 24, 2003, and became effective on October 20, 2003. The Small Generator Notice of Proposed Rulemaking was also issued on July 24, 2003. The final rule will be issued in FY 2004.

One major potential barrier to obtaining adequate generation supplies is the lack of a standard, expeditious way to connect to the transmission system. Standardized interconnection procedures and agreements for electric generators will encourage needed investment, reduce incentives for transmission owners to favor affiliated generation, and encourage efficient generation and transmission siting decisions.

To address this issue, the Commission issued a final rule for interconnection of large generators in July 2003. The Commission began a separate proceeding in August 2002 to specifically address generators no larger than 20 megawatts in size. The Commission issued a NOPR for interconnection of small generators in the summer of 2003, and is expected to issue a final rule in 2004. These procedures and agreements will give most competitive energy market participants reasonable certainty about the costs they will bear and the terms and conditions that will affect interconnection to the electric transmission system, and will hasten the interconnection process.

Performance Measurement	Performance Target	Result
Increase non-federal hydropower capacity	Complete license amendments proposing increased capacity/generation in less than 12 months	5 amendments authorizing an increase in capacity were processed in less than 8 months.

For licensing cases processed in FY 2003, there was an additional 10.7 megawatts of additional capacity authorized as part of the licensing process. In addition, over 186 megawatts of energy was authorized through approval of five license amendments.

Performance Measurement	Performance Target	Result
Percentage of hydropower licenses approved within specified time frames	75% of licenses approved within the following time frames: < Alternative Licensing Process (ALP) median case, less than 16 months < Traditional median case, less than 43 months	< 100% of the ALP, or collaboratively prepared license applications, were completed within 15 months when external factors (i.e., water quality certificate, Coastal Zone Management reviews) did not delay processing. Of the pending cases in which collaboratively prepared amendments to license applications were filed and were not delayed by external factors, 80% were completed within 16 months after receipt of the settlement. < For traditionally prepared license applications for which no external factors contributed to the delay, 77% of the cases were processed in less than 43 months.

Licensing applications and subsequent amendments to applications can be prepared using either the collaborative ALP process or the traditional process. The Commission encourages licensing participants to use the more collaborative approach because the applications are more quickly processed and, more often than not, the end result is a license that includes conditions more reflective of the stakeholders' interests.

With regard to the processing of license applications, the Commission's ability to issue a timely license is often constrained by external processes. This is true for the collaborative and traditional approach. While the Commission has instituted actions that should provide for faster processing, license issuance, in a large number of cases, is delayed because of other mandatory processes that are beyond our control. These processes include issuance of water quality certification and coastal zone management (CZM) consistency review by state agencies.

Other Accomplishments

On July 23, 2003, the Commission issued a new hydropower licensing rule referred to as the Integrated Licensing Process. Building on the successes of other collaborative efforts, the new rule represents the culmination of input from virtually every group that has a stake in the licensing process. One of the major goals is to provide opportunities to better integrate the licensing process with other processes, such as water quality certification and CZM consistency review, in an effort to reduce, if not eliminate delays associated with these actions. It is expected that applications prepared using this integrated process could be processed in as little as 14 months.

Performance Measurement	Performance Target	Result
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames:	
	< unprotested cases that involve no precedential issues, 159 days	< 148 days for Category 1
	< protested cases that involve no precedential issues, 304 days	< 193 days for Category 2
	< cases of first impression or containing larger policy implications, 365 days	< 272 days for Category 3
	< cases requiring a major environmental assessment or environmental impact statement, 480 days	< 469 days for Category 4

The Commission was well within the case processing time goals for all categories of pipeline certificate cases. Although the numbers reflected above are based on completing 85% of the cases within the respective category goals, the Commission actually exceeded the goals by completing: 88% of Category 1 cases in 159 days or less; 100% of Category 2 cases in 304 days or less; 100% of Category 3 cases in 365 days or less; and 96% of Category 4 cases in 480 days or less.

Other Accomplisments

In FY 2003, we certified 17 major pipeline projects, 11 storage projects and acted on 5 Liquefied Natural Gas (LNG) projects. The following table provides a summary of facilities either preliminarily authorized or certificated by the Commission in FY 2003:

Type of Project	Facilities / Added Capacity (approx.)
New Pipeline	1,211 miles; 4.8 billion cubic feet (Bcf) per day additional capacity
New Storage	3.5 Bcf of peak-day deliverability
LNG	16.5 Bcf of storage capacity; 3,730 million cubic feet per day (MMcfd) of deliverability

El Paso Natural Gas Corporation's Power Up Project involved adding 320 MMcfd of natural gas capacity to its existing system. The Williston Basin Corporation's Grasslands Project helped to bring 80 MMcfd of shut-in Rocky Mountains gas from the Powder River Basin in Wyoming to Midwestern markets. Duke Energy Corporation's Greenbrier Pipeline Project not only brought 584 MMcfd of natural gas to Mid-Atlantic markets, but it was processed using the Commission's new NEPA Pre-Filing Process resulting in about a six month time savings than under the traditional process.

The Commission issued Preliminary Determinations for two LNG facilities in FY 2003, Tractebel Calypso Pipeline Company and AES Ocean Express. Calypso and AES are two projects which would transport regassified LNG from the

Bahamas to interconnect with the pipeline grid in South Florida. Three other LNG projects were approved, CMS Trunkline, Southern LNG, and Cameron, adding a total of about 2,060 MMcfd of deliverability to eastern markets. A third existing LNG terminal, Cove Point, was authorized to resume LNG import service after a 25 year hiatus.

Performance Measurement	Performance Target	Result
Percentage of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	95% of high- and significant-hazard-potential dams met all current structural safety standards
Percentage of high- and significant-hazard-potential dams in compliance with Emergency Action Plan (EAP) requirements	100% of qualifying dams in compliance with EAP requirements	100% of qualifying dams were in compliance with EAP requirements

To protect life, health, and property, the Commission works to protect the safety of the approximately 2,600 non-federal hydropower dams it licenses. FERC's program inspects high- and significant-hazard-potential dams (about 1,000) once a year and the remaining dams (low-hazard-potential dams) at least once every three years. Many of the Nation's dams were constructed more than 100 years ago. Therefore, FERC is working with licensees, dam safety experts, and other federal and state agencies to develop and apply state-of-the-art safety criteria appropriately.

Even with the best safety program, emergencies can occur. Emergency action plans (EAPs) specify actions owners must take, in coordination with federal, state and local preparedness agencies, in case of emergencies such as floods, earthquakes, project failures, or improper operation. FERC conducts tests to ensure that EAPs work as designed.

Performance Measurements for Competitive Markets

Goal: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation

Performance Measurement	Performance Target	Result
Percentage of country covered by approved Regional Transmission Organizations (RTOs) or Independent System Operators (ISOs) (as measured by percentage of electricity load).	70% of electricity load in regions where we have jurisdiction	59% of load in jurisdictional areas under an RTO/ISO. RTO/ISO formation remains voluntary, and some regions of the country need additional time to determine and understand the benefits that RTOs/ISOs will bring to customers in their regions and to develop RTOs/ISOs that will meet their particular regional needs.

We encourage the development of regional transmission organizations (RTOs) to implement fair market rules, allowing for regional differences. RTOs must operate the transmission system across large geographic areas, operating independently of market participants. As a result, the most immediate task is to complete development of independent RTOs and competitive electric wholesale markets.

Performance Measurement	Performance Target	Result
Timely processing of proposed rulemakings adopting consensus industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC))	Benchmarks to be established in FY 2003	Target is established for FY 2004 as follows: Non-controversial rulemakings completed within 9 months/controversial rulemakings completed within 12 months of external party action. < During October 2002, NAESB filed natural gas industry standards with the Commission. The Commission codified the standards, on which all segments of the natural gas industry had reached consensus, in its Regulations in a Final Rule issued in March 2003, five months after submission. < In June 2003, NAESB filed creditworthiness standards on which all segments of the natural gas industry participants were able to reach consensus; NAESB also reported additional proposed creditworthiness standards on which consensus was not reached. Action is pending on the creditworthiness standards.

Based on our experience in the natural gas industry with the North American Energy Standards Board (NAESB), the best way to develop reliability and business practice standards is for them to be developed by industry experts, with the Commission resolving issues those experts cannot agree on. The Commission was instrumental in the formation of the Wholesale Electric Quadrant (WEQ) of NAESB as the group responsible for addressing business practices in this area. We are also working closely with the North American Electric Reliability Council

(NERC) on reliability standards. At the urging of the Commission, NAESB and NERC have developed procedures to coordinate business practice and reliability standards development, and to coordinate their efforts closely with the RTOs and ISOs that manage and operate the grid day-to-day. The Commission periodically issues orders incorporating by reference business practice standards developed by NAESB. We will continue to strengthen our relationship with these organizations and rely on their expertise, where possible, to address emerging business practice standards and reliability issues critical to the efficient operation of markets.

In addition to the WEQ, we are working with NAESB's Wholesale Gas Quadrant (WGQ) to develop creditworthiness standards for shippers on natural gas pipelines which will lower information costs to shippers and increase market efficiency. Input from both shippers and the pipelines has proven crucial to our understanding of the credit issues faced by industry participants, as evidenced by the June 16, 2003 NAESB report to the Commission detailing the progress the WGQ has made in considering 24 proposed standards.

Performance Measurement	Performance Target	Result
Establish RTOs/ISOs with sufficient market monitoring and mitigation measures in place	Fewer complaints about rates in RTOs filed with the Commission	In FY 2002, 19 complaints were filed against RTOs/ISOs (ISO-New England 10, New York ISO 5, California ISO 4). In FY 2003, 6 complaints were filed against RTOs/ISOs (ISO-New England/New England Power Pool 3, New York ISO 1, California ISO 1, and Pennsylvania-New Jersey-Maryland 1). While complaints are fewer when comparing FY 2002 and 2003, we do not expect this to be the case in the future; rather, we anticipate more complaints as numbers of participants increase, and as RTOs mature beyond current stages. We will review this performance target for appropriateness. Focusing on the number of complaints about rates in RTOs does not highlight the fact that market monitoring units exist in all RTOs/ISOs and that they work together with the Commission to evaluate market performance and identify problems with proposed and existing market rules, market operations, and individual participant behavior.

As RTOs/ISOs are established, each will have a Market Monitoring Unit (MMU). Five MMUs are in place today. MMUs have detailed knowledge of the markets they monitor and tailor their monitoring programs to deal with specific characteristics of their own markets as well as generic issues. Thus they can identify developing problems rapidly and be the first line of defense against market problems. However, the MMUs may have limited understanding of markets outside their area of operations, and may know relatively little about other markets (including financial and gas) that affect their market areas. Our market oversight function should provide the broader view of how markets interact, inform MMUs and be informed by them.

Performance Measurement	Performance Target	Result
RTO/ISO wholesale market design includes demand-response features	Measure increasing percentage of operating RTOs and ISOs with demand response programs	During FY 2003, four RTOs/ISOs (California ISO, New York ISO (NYISO), Pennsylvania-New Jersey-Maryland (PJM), and ISO-New England (ISO-NE)) operated demand response programs, and one RTO which does not yet run any energy market (Midwest ISO) did not. Since these four RTOs/ISOs operated demand response programs in FY 2002, there was no increase in the percentage of operating RTOs and ISOs during FY 2003. Nevertheless, throughout the year, FERC has encouraged and approved improvements in both the number and design of demand response in PJM, NYISO and ISO-NE. For example, FERC supported the New England Demand Response Initiative, a broad stakeholder process in New England, to provide a detailed assessment of ISO demand response programs and to develop recommended improvements.

Energy markets must allow response from both the supply and the demand side of the industry. Historically, industry has assumed most demand is fixed, and has priced power to most customers at constant rates during fairly long periods of time (i.e., a month or year). The result is that customers have seldom seen prices change in the short run and have had little if any incentive to change their usage to meet the true costs of producing power at any given time. The lack of short-term demand response was a major contributing factor to the problems in western electricity markets, just as individual customer decisions to conserve electricity were a significant part of the solution to the problem. In the future, electricity markets at both the wholesale and retail levels will require a full demand response to better balance supply with demand and reduce supplier market power.

Although states have direct jurisdictional authority over many demand-side measures, the Commission is working to encourage more demand response by:

- Ensuring that wholesale markets facilitate equal participation by demand-side and supply-side resources;
- Encouraging States to adopt programs that let customers respond to changing prices; and
- Helping to remove any impediments that prevent full demand-side participation in electricity markets.

FERC efforts to support demand response have included supporting the six-State New England Demand Response Initiative, developing region-wide demand response programs that link retail and wholesale demand response and that work effectively in both competitive retail markets and traditionally regulated markets; frequent outreach on demand response, distributed generation, and advance metering; and working with DOE to develop and implement a demand response research program.

Performance Measurement	Performance Target	Result
Adopt market design standards for wholesale electric markets	Issue final Standard Market Design rule	In April 2003, the Commission issued a White Paper in the Standard Market Design proceeding that emphasized its strong commitment to customer-based, competitive wholesale power markets, while underscoring an increasingly flexible approach to regional needs and outlining step-by-step elaborations of its key market design proposal. The Commission intends to focus on the formation of RTOs and on ensuring that all independent transmission organizations have sound wholesale market rules. The final rule will allow implementation schedules to vary depending on local needs and will allow for regional differences. During the remainder of FY 2003, the Commission continued its dialogue on market design by holding a number of regional conferences to exchange ideas with stakeholders.

Absent consistent, non-discriminatory rules for all transmission customers, there are substantial competitive consequences and higher costs to all customers. Therefore, the Commission has proposed a common set of principles for the design of electric transmission markets, based on an extensive discussion about the best practices for wholesale electric markets. The wholesale market platform would address persistent and costly problems in the nation's wholesale electric power markets. Our goals are to:

- Remedy remaining undue discrimination in transmission service;
- Provide more choices and improved services to all wholesale market participants;
- Reduce delivered wholesale electricity prices through lower transaction costs and wider trade opportunities;
- Improve reliability through better grid operations and expedited infrastructure improvements; and
- Increase certainty about market rules and cost recovery for greater investor confidence to facilitate much-needed investments.

After issuance of a proposed rule in 2002, FERC reviewed the 1,000 plus comments received and issued a white paper on wholesale market design in April 2003, in which we modified positions in the NOPR by acknowledging the appropriateness of regional and timing flexibility in the adoption of key market design elements. RTOs and ISOs in many parts of the country are already implementing many key market design elements. For example, in the Northeast where most market design elements are already in place and the region is continuing to move toward a common market design across all three ISOs, New England implemented locational marginal transmission pricing in early 2003. California, the Electric Reliability Council of Texas (ERCOT), and the Midwest are also working to implement most of the market design elements. Even in regions that do not yet have functioning independent system operators or RTOs, RTO proposals have incorporated most of the major principles in the proposed rule, particularly in the Northwest (RTO West).

Most regions have implemented or have committed to implement key elements of wholesale market design, including independent operation of the transmission grid, regional transmission planning, common energy and ancillary service markets and a single transmission tariff for the region, market monitoring and market power mitigation, locational pricing and congestion management. We anticipate that RTOs will continue to develop over the next several years incorporating the key features of FERC's wholesale market platform, producing better wholesale electric markets and better protection against failure.

As competitive wholesale electricity markets grow, we need to ensure that business is being conducted consistently and that reliability concerns, including both the physical infrastructure and functioning of the market, are addressed. If standards are not developed fairly, they could benefit some market players at the expense of others.

<u>Performance Measurements for Market Oversight</u>

Goal: Protect Customers and Market Participants through Vigilant and Fair Oversight of the Transitioning Energy Markets

Performance Measurement	Performance Target	Result
Enhance institutional capability for overseeing energy markets	Establish the Office of Market Oversight and Investigation (OMOI)	Complete
	Publish regular summer and winter Seasonal Market Assessments	Reported winter 2002-2003 and summer 2003 assessments in formal presentations to the Commission and published on Commission's website.
	Develop metrics/indicators of gas and electric market performance measures	Developed 5 standard metrics for electric markets that agreed with market monitoring units.

At the center of the Commission's oversight effort is the Office of Market Oversight and Investigations (OMOI). OMOI provides an authoritative understanding of energy markets to the Commission and the public. OMOI serves the public interest by guiding the evolution and operation of energy markets to ensure effective regulation and protecting customers through understanding markets and their regulation, timely identification and remediation of market problems, and assured compliance with Commission rules and regulations.

Performance Measurement	Performance Target	Result
Establishment of protocols between the Commission and independent market monitoring units (MMU) of RTOs	All approved RTOs	Target achieved

Protocols established with MMUs at all current ISOs and RTOs include:

- Joint mission statement expressing the common goals of MMUs and OMOI;
- Market monitoring plan requirements expressing what issues MMUs need to address in their plan;
- Clear contact lists and standard periodic conference calls for each region;
- Agreed on triggers (i.e., market events or conditions) that lead MMUs to contact OMOI;
- Information sharing between MMUs and OMOI, codified by Commission order on January 15, 2003; and
- Standard joint meetings between all MMUs and OMOI twice a year.

Performance Measurement	Performance Target	Result
Percentage of cases in time frames: Alternative Dispute Resolution (ADR) processes completed	< 20% of ADR cases within 60 days < 30% of ADR cases within 100 days < 75% of ADR cases within 150 days < 100% of ADR cases within 200 days	ADR Cases – Office of Adminitrative Law Judges/Office of Administrative Litigation (OALJ/OAL): 76 cases were successfully completed through the use of ADR: < 2 cases completed in < 60 days (2.6%) < 10 cases completed in < 100 days (13%) < 15 cases completed in <150 days (20%) < 14 cases completed in < 200 days (18%) < 35 cases completed in > 200 days (46%) The performance targets for ADR cases referred to OALJ/OAL are unrealistic as shown by the results above. The types of cases referred to OALJ/OAL are very complex, multi-party cases. For the most part these cases are eventually settled (we settled 76 of 94 cases in FY 2003). However, these cases take much longer to settle given the nature of negotiations. ADR Cases – Dispute Resolution Service (DRS): 20 cases were completed through the use of ADR: < 8 cases completed in < 60 days (40%) < 2 cases completed in < 100 days (10%) < 5 cases completed in < 150 days (25%) < 3 cases completed in < 200 days (15%)

Performance Measurement	Performance Target	Result
		< 2 cases completed in > 200 days (10%)
Timeliness of Hotline calls resolutions	Resolve 80% within 1 week of initial contact	74% of Hotline calls were closed by the end of the two-week period in which they were received during FY 2003. The performance goal was set at an approximate level, and deviation from that level was immaterial and did not effect overall program or activity performance.

The Commission encourages parties to use alternative dispute resolution (ADR) whenever appropriate, to resolve conflicts quickly, satisfactorily, less expensively, and with the use of fewer resources. The Commission's Dispute Resolution Service is becoming a greater resource for facilitation and mediation, and also offers consultation and training in effective negotiation skills to individuals and organizations that do business with the Commission.

The Enforcement Hotline continues to be a quick, effective, and increasingly popular resource for addressing informal market-related disputes and questions. Between the months of August 2002 through July 2003, the Enforcement Hotline fielded 197 market-related calls, as compared to 141 market-related calls during the same months of the previous year. The Enforcement Hotline also continues to be a mechanism whereby industry participants provide information to the Commission staff that develops into investigations.

In addition, the Commission's administrative law judges may serve as settlement judges or mediators, thereby offering another alternative to litigation that allows the parties to exercise greater control over the outcomes.

Performance Measurement	Performance Target	Result
Timeliness of formal complaints resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	Office of Administrative Law Judges/Office of Administrative Litigation (OALJ/OAL): Issued six initial decisions on complaints set for hearing. 84% were completed within expected targets (4 out of 6). OALJ also handled 17 additional complaints; 12 settled; 5 were either returned to the Commission for further action or set for hearing before a judge (no targets were set for those cases while in settlement mode).
Percentage of cases in time frames: Litigated cases reaching initial decision	< 95% of simple litigated cases within 206 days (29.5 weeks) < 95% of complex litigated cases within 329 days (47 weeks) < 95% of exceptionally complex cases, 441 (63 weeks) < 95% of regular complaints, 60 days	Litigated Cases – OALJ/OAL: < Track I Cases: Standard processing time = 29.5 weeks. FY 2003 Average processing time = 24.3 weeks < Track II Cases: Standard processing time = 47 weeks. FY 2003 Average processing time = 38.4 weeks < Track III Cases: Standard processing time = 63 weeks. FY 2003 Average processing time = 46.2 weeks Regular Complaints – OGC: 97%

In some cases, the best approach to a possible abuse of market power will be through our formal litigation process. This is especially true when it is important to establish the exact facts of a case in open proceedings. The openness of the process can also promote credibility in important cases.

Since litigation can be costly and time-consuming, we are always seeking to streamline the process as much as possible. We have a centralized litigation staff to guide the efficient handling of the unique, complex issues that arise in a pro-competitive environment, and speed their resolution.

Performance Measurements for Management Initiatives

Performance Measurement	Performance Target	Result
Number of new hires from recruitment program	Attract new talent through targeted recruitment, with 50% at entry levels	Exceeded target level by 2%. Of the 60 permanent hires in targeted positions in FY 2003, 31 were entry level recruits. Met the Commission's need for new talent through targeted recruitment.

We are focusing our human capital activities on targeted recruiting, retraining, and the right-sizing and reallocation of staff based upon our Human Capital Plan. These critical areas will determine how efficiently and effectively we meet current objectives and prepare for future ones.

As part of the workforce planning process, the Commission has developed a Human Capital Plan. In that plan, each office identified current and desired skills requirements necessary to achieve the strategic goals of the Commission. The plan identifies gaps in human resources by outlining the potential retirement wave facing the Commission, as well as workforce profiles for FERC and each program office. The plan provides data on the age and service of the Commission's leaders and also gender and diversity composition of the workforce. Based on statistical data on FERC's workforce, action plans have been established and provide the foundation for recruitment, succession planning and employee development.

Staffing and building capabilities in the Office of Market Oversight and Investigations and in OMTR's new Reliability Division will be the prime focus of our efforts. Our market oversight and investigative function requires increased skills in, and more understanding of, market investigations, market operations, risk management and derivatives, investment in unregulated industries, analysis of overall market information, and the effect of energy transportation systems on commodity pricing. Similarly, in the wake of the August 14, 2003 blackout, the Commission must recruit talented electric engineers to ensure adequate reliability rules are in place and enforced.

Additionally, to meet our staffing requirements, we are enhancing our recruiting and training processes, finding new ways to retain needed talent, and aligning staff assignments with our most important strategic goals. We have initiated an aggressive entry-level recruitment effort to bring new talent into the Commission. Since its inception at the end of FY 2001, this program has brought 87 new employees into the Commission with a variety of skills including accounting, auditing, engineering, economics, and law. We have supplemented this effort with a reinvigorated summer intern program, designed to create a pool of future employees who can learn how the Commission works while demonstrating their skills and potential. In 2003, 42 summer interns worked at the Commission; 40 worked with us in summer 2002.

Performance Measurement	Performance Target	Result
Percentage of transactions accepted electronically	95% of transactions accepted electronically	57% of all documents received were eligible to be e-filed; 57% of the documents eligible to be e-filed were actually e-filed; 33% of all documents received (paper and electronic) were e-filed. We expect to have 95% of transactions eligible to be accepted electronically in December 2003.
Percentage of e-issuance versus paper	90% of issuances made electronically	100%

Performance Measurement	Performance Target	Result
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	99% of FERC issuances are available online within 24 hours or less. 99% of electronic submissions to FERC are published within 24 hours of review by the Office of the Secretary. 99% of paper submissions to FERC are published within 48 hours.

The Commission has made major advances in its use of electronic filing in the past two years. In April 2002, the Commission initiated the FERC On-Line project to achieve the President's Management Agenda initiatives of expanding electronic government (e-government). Citizens and businesses can make electronic submissions of comments, motions, briefs, and other documents related to proceedings before the Commission. E-Filing will be extended to all documents submitted in Commission proceedings, reducing the cost and time for making a filing for our customers while reducing the cost and handling time for FERC to receive and process the document. Since November 2000, the Commission has received 22,000 documents electronically. Companies regulated by the Commission have also filed 15,000 forms and reports electronically. More than half of the documents received annually can be filed electronically.

Performance Measurement	Performance Target	Result
Improved Web site	Redesigned Web site	The redesigned web site, sponsored by the Office of External Affairs, was deployed in August, 2003.
	99% availability	The site was 99% available in FY 2003.

In FY 2003, the Commission completed a comprehensive redesign of its internet web site, www.ferc.gov, to make it more useable for: energy practitioners; landowners and citizens affected by natural gas and hydroelectric projects; and the press, financial community, and Commission staff. FERC improved server reliability, providing a powerful search engine, making it easier to navigate its Internet site, making notices available to the public within minutes of issuance, and ensuring the quality and usefulness of the information disseminated through the website.

APPENDIX A

Strategic Plan FY 2004 – FY 2008

Federal Energy Regulatory Commission
Strategic Plan FY 2004 – FY 2008

9/10/2003

Vision

Dependable, affordable energy through sustained competitive markets

Mission

The Federal Energy Regulatory Commission regulates and oversees energy industries in the economic and environmental interest of the American public.

Goals and Objectives

Goal 1: Promote a Secure, High-Quality, Environmentally Responsible Infrastructure through Consistent Policies.

Objective 1.1: Expedite Appropriate Infrastructure Development to Ensure Sufficient Energy Supplies.

- Identify transmission and pipeline projects with high public interest benefits and facilitate their speedy completion, consistent with the Commission's statutory mandates and due process.
- Implement power plant interconnection rules; complete small plant interconnection rules.
- Firmly establish regional electric system expansion planning, with a variety of technology solutions to meet reliability, security and market needs.
- Implement hydroelectric rule and gas pipeline interagency agreement facilitating hydropower licensing, pipeline certification and LNG plant authorization.

Objective 1.2: Provide for Timely Cost Recovery to Infrastructure Investors.

- Establish clear cost recovery process for transmission investment in each region, consistent with regional transmission plan.
- Ensure that revenue levels and rate designs for regulated company services support long-term competitive markets, through formula rate or other administratively efficient means, when possible.
- Encourage balanced innovative rate of return proposals that provide incentives for pro-competitive behavior and publicly beneficial projects.

Objective 1.3: Address Landowner and Environmental Concerns Fairly.

- Encourage potential applicants for licenses or certificates to utilize the Commission's collaborative pre-filing process.
- Incorporate reasonable environmental conditions into permits, licenses and certificates and ensure compliance with conditions.

Objective 1.4: Promote Measures to Improve the Security and Safety of Energy Infrastructure.

- Ensure strictest adherence to prudent dam safety practices, pipeline construction measures and LNG plant safety requirements.
- Work with other agencies and industry to address and improve infrastructure security.
- Allow prompt recovery of prudently-incurred security and safety expenses.

Goal 2: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation.

Objective 2.1: Advance Competitive Market Institutions Across the Entire Country.

- Complete the adoption of wholesale regional power markets in ISO-New England, New York ISO, PJM Interconnection, Midwest ISO, Southwest Power Pool and California, phasing changes as appropriate.
- Encourage further development of regional transmission organizations in southeast and western (outside California) regions of the country.
- Support creation of regional state committees to develop and/or help oversee regional power markets.
- Develop means of ensuring transparency of market and transmission information.
- Provide regulatory certainty through clear market rules and case-specific decisions.

Objective 2.2: Establish Balanced, Self-Enforcing Market Rules.

- Complete revisions to market-based ratemaking policy to be implemented through periodic rate reviews.
- Work with states to support robust programs for customer demand-side participation in energy markets.
- Encourage standardized business rules and practices to maximize market efficiency, ease market entry and reduce transactions costs, relying on NAESB, NERC and the RTO/ISOs where appropriate.

Goal 3: Protect Customers and Market Participants through Vigilant and Fair Oversight of the Transitioning Energy Markets.

Objective 3.1: Assure Pro-Competitive Market Structure and Operations.

- Promote understanding of energy market operations and technologies through maintaining expert skills, keeping abreast of trends and innovations, and reporting findings as appropriate.
- Assess and report on market and infrastructure conditions using objective benchmarks.
- Maintain close working relationships with RTO and ISO market monitoring units.
- Identify and remedy problems with market structure and operations, and periodically review market rules for consistency with long-term market development.
- Ensure that mergers and consolidations are not inconsistent with pro-competitive goals.

Objective 3.2: Remedy Individual Market Participant Behavior as Needed to Ensure Just and Reasonable Market Outcomes.

- Investigate statutory and rule violations, and provide appropriate remedies.
- Use expedited dispute resolution to accelerate solutions and minimize customer expense.
- Act swiftly on third-party complaints, using litigation before Administrative Law Judges as needed to determine factual issues.

Management Initiatives Supporting all Goals and Objectives

Human Capital

- Implement the Human Capital Plan to meet challenges of new Commission roles and changing workforce demographics.
- Use the right mix of internal workforce and contracted services from the private sector to meet the agency's statutory mandates efficiently and effectively.

Information Technology

- Complete the implementation of e-government initiatives to expedite interactions with customers.
- Build effective electronic workload/time-management and case-processing systems to expedite work processes.

Agency Resources

- Integrate budget, business plan, and performance measurement to improve performance and accountability.
- Generate accurate and timely financial information to support operating, budget, and policy decisions.

Communication

- Reach out to groups affected by agency actions in a timely manner.
- Build strong partnerships with all stakeholders, legislators and regulators.

APPENDIX B

COMPARATIVE PERFORMANCE MEASUREMENT DATA

Performance Measurements for Energy Infrastructure, FY 2000 B FY 2005

FY 2000		
Performance Measurement	**Performance Target**	**Result**
< The Commission s certification program will allow the appropriate amount of new pipeline capacity to be available to serve the market when needed < Certification of new pipelines will be timely, while fairly balancing the interests of the gas market, project sponsor, landowners, and the environment	Number of days to complete 82% of filings by case type: < prior notice filings within 56 days < unprotested filings within 159 days < protested filings within 304 days < cases of first impression within 365 days	82% of filings completed in: < 55 days < 127 days < 218 days < 272 days
Inspect all onshore construction projects over 2 miles in length at least once	90% of projects inspected at least once	99% of projects inspected at least once
Inspect each major onshore construction projects at least once every four weeks during ongoing construction activity	100% of projects inspected at least once	100% of projects inspected at least once
The Commission will reduce processing time under its control, particularly through the use of collaborative procedures and early involvement of staff	Increased use of collaborative processes	License filings using some form of collaborative process were completed in 0.99 years on average. Others averaged 2.77 years to complete. In FY 2000, 40% of licenses issued involved settlements, up from 17% in FY 1999.
Licensing conditions will protect and enhance beneficial public uses, both developmental and nondevelopmental	Continue systems development	The Commission upgraded its automated system to track both the conditions built into licenses and the monitored results
Administration of hydropower developments will accommodate increasing public use without diminishing key water resource values	Monitor baseline data	During FY 2000, the Commission issued licenses for 10 hydroelectric projects. Of these, 5 were required to install new or up-graded recreational facilities. The remaining 5 were deemed adequate.
The percentage of high- and significant-hazard dams meeting all current structural safety standards will remain uniformly high	Maintain current high standards	92.8 % of high- and significant-hazard dams meeting all current structural safety standards
One hundred percent of high- and significant-hazard dams will be inspected annually	100% of qualifying dams inspected annually	100% of qualifying dams were inspected
One hundred percent of high- and significant-hazard dams will comply with emergency action plan requirements	100% of qualifying dams in compliance	99.7% of qualifying dams were in compliance

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases completed in specified time	82% of cases completed within specified time frames: < Category 1 - Cases that involve no precedential issues and are unprotested, 159 days < Category 2 - Cases that involve no precedential issues and are protested, 304 days < Category 3 - Cases of first impression or containing larger policy implications, 365 days	Number of days to complete 82% of the cases: < Category 1 - 136 days; < Category 2 - 200 days; and < Category 3 - 277 days.
Number of major onshore projects inspected at least every four weeks	Inspect each major onshore project at least once every four weeks	All six major onshore projects were inspected at least once every four weeks

(Continued on next page)

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of hydropower licenses issued that contain adaptive management provisions	5% increase over baseline	18% increase over baseline
Percentage of filings containing some form of collaboration	5% increase over baseline	33% increase over baseline
License processing time when prefiling collaboration occurred compared to license processing time when prefiling collaboration did not occur	10% less processing time	63% less processing time
Percentage of high- and significant-hazard potential dams meeting all current structural safety standards	90% of qualifying dams	94% of high- and significant-hazard potential dams met all current structural safety standards
Percentage of dams requiring EAPs that have tested, evaluated plans	99% of qualifying dams	99.9% of dams requiring EAPs had tested, evaluated plans
Percentage of dams with EAPs that have acceptance and certification from licensees and emergency response agencies	90% of qualifying dams	100% of dams with EAPs had acceptance and certification from licensees and emergency response agencies

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases completed in specified time	85% of cases completed within specified time frames: < cases that involve no precedential issues and are unprotected, 159 days < cases that involve no precedential issues and are protested, 304 days < cases of first impression or containing larger policy implications, 365 days < cases requiring a major environmental assessment or environmental impact statement, 480 days	Number of days to complete 85% of the cases: < 119 days for Category 1 < 188 days for Category 2 < 293 days for Category 3 < 475 days for Category 4
Inspect each major onshore construction projects at least once every four weeks during construction and at least once after construction completion	100% of qualifying projects inspected per established schedule	All six major onshore projects were inspected at least once every four weeks
Increase the percentage of licenses issued for applications using alternative licensing process (ALP)	2% increase over FY 2001	9.4% increase over FY 2001
Evaluate and improve effectiveness of required environmental enhancement and mitigation measures	Conduct 5 site visits to evaluate effectiveness	Conducted 5 site visits and evaluated the effectiveness of the targeted environmental mitigation measures
	Hold 2 regional meetings with stakeholders	Held 3 outreach meetings, i.e., shoreline management workshop in August 2002, American Fisheries Society meeting in August 2002, and water quality workshop in September 2002
	Initiate annual reports to evaluate the effectiveness of this effort	Issued 2 reports titled "Mitigation Effectiveness Studies at the FERC; An Overview"; and "Mitigation Effectiveness Studies at the FERC: Draft Water Quality Report."
Percentage of filings addressing the development of increased capacity	25% of all relicense cases using ALP or other collaborative process	26% of licenses issued resulted in an increase in capacity; 27% of licenses issued based upon collaborative process (ALP) resulted in an increase in capacity

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of high- and significant-hazard potential dams meeting all current structural safety standards	Percentage remains uniformly high	94% of high- and significant-hazard potential dams met all current structural safety standards
Percentage of high- and significant-hazard potential dams inspected annually	100% of qualifying dams inspected annually	100% of high- and significant-hazard potential dams inspected in FY 2002
Percentage of high- and significant-hazard potential dams in compliance with emergency action plan requirements	100% of qualifying dams in compliance	100% of high- and significant hazard potential dams in compliance with emergency action plan requirements
Update and add new chapters to the Engineering Guidelines, as appropriate	Complete revisions to Chapter 3 Gravity Dams	Chapter 3 – Gravity Dams and Chapter 8 – Hydrology were completed
Complete development of the dam performance monitoring program	Performance monitoring program established	Performance monitoring program was established and a pilot program was implemented

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Percentage of natural gas pipelines with approved Order No. 637 compliance filings	100% of pipelines subject to Order No. 637	By the end of FY 2003, the Commission issued orders approving and establishing effective dates for 92 out of a total 94 (98%) pending Order No. 637 compliance filings. The two pipeline filings that were not completed were Northern Natural Gas Pipeline Company, Docket No. RP00-404, and El Paso Natural Gas Co., Docket No. RP00-336. On October 31, 2003, the Commission issued an order accepting and establishing an effective date for Northern Natural's Order No. 637 filing. By order issued on January 28, 2004, the Commission required El Paso to file a new comprehensive Order No. 637 compliance filing by April 1, 2004.
Statutory cases by workload category	All cases competed by statutory action date	Of the nearly 3,000 statutory items whose due date fell in FY 2003, 99.7% were completed by the statutory action date. The performance goal was set at an approximate level, and deviation from that level was immaterial and did not effect overall program or activity performance.
Merger and qualifying facilities workload (regulatory cases)	80% of cases completed by regulatory deadline	Approximately 325 QF filings were received in FY 2003. Of these 325, 9 filings were applications for Commission QF certification or re-certification. The Commission completed 100% of the applications for certification or re-certification within 90 days specified in the Commission's regulations (18 C.F.R. § 202.207(b)(3)(2003)). Orders were issued in response to all 9 applications, 3 of which were issued pursuant to delegated authority and 6 of which were Commission issued orders. No merger applications were received in FY 2003.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Number of cases requiring additional remedial action	Less than 20% of all cases processed in FY 2003 require additional remedial action	The Commission received no merger applications in FY 2003; therefore, we have no results to report for this performance measure.
Timely processing of filings seeking recovery of security and safety expenses in jurisdictional rates	Process filings: < within 30 days for gas and oil rate filings < within 60 days for electric filings	The following filings were acted on in FY 2003: <u>RP02-129-000, Southern LNG</u> ***Filed:*** December 21, 2001 ***Order Issued:*** January 31, 2002 (Suspension order setting case for hearing) ***Case settled:*** Letter order issued October 10, 2002, accepting a settlement and closing out the case. ***Target:*** While this case was not acted on within 30 days, action did meet our statutory guidelines as we acted prior to the proposed effective date of February 1, 2002. The suspension order was dated January 31, 2002; the case was settled in early FY 2003. <u>IS03-457, Plantation Pipe Line Co.</u> ***Filed:*** July 31, 2003 ***Order Issued:*** August 29, 2003 ***Target:*** Met <u>IS03-475, West Shore Pipe Line Co.</u> ***Filed:*** August 12, 2003 ***Order Issued:*** September 30, 2003 ***Target:*** While this case was not acted on within the 30-day target, it met our statutory guidelines as we acted prior to the proposed effective date of October 1, 2003.
Implement generic policy on Large Generator Interconnections and Small Generator Interconnections	Issue final rules on both policies in FY 2003	The Large Generator Interconnection final rule was issued on July 24, 2003, and became effective on October 20, 2003. The Small Generator Notice of Proposed Rulemaking was also issued on July 245, 2003. The final rule will be issued in FY 2004.
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames: < unprotested cases that involve no precedential issues, 159 days < protested cases that involve no precedential issues, 304 days < cases of first impression or containing larger policy implications, 365 days < cases requiring a major environmental assessment or environmental impact statement, 480 days	< 148 days for Category 1 < 193 days for Category 2 < 272 days for Category 3 < 469 days for Category 4
Percentage of filings addressing the development of increased hydropower capacity	25% of all relicense cases using ALP	29% of licenses issued based on the collaborative process resulted in an increase in capacity.
Increase non-federal hydropower capacity	Complete license amendments proposing increased capacity/generation in less than 12 months	5 amendments authorizing an increase in capacity were processed in less than 8 months.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Percentage of hydropower licenses approved within specified time frames	75% of licenses approved within the following time frames: < ALP median case, less than 16 months < Traditional median case, less than 43 months	< 100% of the ALP, or collaboratively prepared license applications, were completed within 15 months when external factors (i.e., water quality certificate, Coastal Zone Management reviews) did not delay processing. Of the pending cases in which collaboratively prepared amendments to license applications were filed and were not delayed by external factors, 80% were completed within 16 months after receipt of the settlement. < For traditionally prepared license applications for which no external factors contributed to the delay, 77% of the cases were processed in less than 43 months.
Inspect each major onshore pipeline project at least once every four weeks during ongoing construction activity	100% of qualifying projects inspected per established schedule	All 7 major onshore pipeline projects were inspected at least once every 4 weeks during ongoing construction activity.
Increase the percentage of hydropower licenses issued using ALP	2% increase over FY 2002	13% increase over FY 2002
Evaluate and improve the effectiveness of required environmental enhancement and mitigation measures in hydropower licenses	Conduct 5 site visits	Conducted 5 site visits and evaluated the effectiveness of the targeted environmental mitigation measures.
	Hold 2 regional meetings with stakeholders	Held 3 regional outreach meetings with stakeholders, i.e., 2 shoreline management outreach meetings in Wisconsin and South Carolina, and a water quality mitigation effectiveness outreach meeting in New York.
	Disseminate 2 environmental effectiveness reports	Disseminated 2 environmental effectiveness reports: “Mitigation Effectiveness Studies at the Federal Energy Regulatory Commission: Final Water Quality Report”; and “Mitigation Effectiveness Studies at the Federal Energy Regulatory Commission: Draft Fish Passage Report”.
Percentage of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	95% of high- and significant-hazard-potential dams met all current structural safety standards
Percentage of high- and significant-hazard-potential dams in compliance with EAP requirements	100% of qualifying dams in compliance with EAP requirements	100% of qualifying dams were in compliance with EAP requirements
Update and add new chapters to the Engineering Guidelines, as appropriate	Issue new or revised Engineering Guidelines chapters, as appropriate	Developed and issued a new Engineering Guidelines chapter on the Dam Safety Performance Monitoring Program.

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Complete implementation process of Large Generator Interconnection Policies	By year end, process 90% of all compliance tariff filings submitted by July 31	Office of Markets, Tariffs and Rates
Implement generic policy on Small Generator Interconnection	Issue final rule	Office of Markets, Tariffs and Rates
Percentage of relicense filings based upon ALP's	25% of all relicense cases using ALP	Office of Energy Projects
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames: < unprotected cases that involve no precedential issues, 159 days < protected cases that involve no precedential issues, 304 days < cases of first impression or containing larger policy implications, 365 days < cases requiring a major environmental assessment or environmental impact statement, 480 days	Office of Energy Projects
Percentage of final NEPA documents, required for hydropower license applications filed after FY 2002, completed within specified time frames	75% of final NEPA documents prepared for licenses approved within the following time frames: < ALP case, less than 16 months < Traditional case, less than 24 months	Office of Energy Projects
Inspect each major onshore pipeline project at least once every four weeks during ongoing construction activity	100% of qualifying projects inspected per established schedule	Office of Energy Projects
Percent of final NEPA documents based upon comprehensive settlement agreements completed within specified time frames	75% of final NEPA documents prepared for final comprehensive license settlement agreements are completed within 12 months	Office of Energy Projects
Establish clear cost recovery process for transmission investment in each region	Allow flexibility to ensure utilities or pipelines have sufficient revenue stream to recover investment costs and provide rate certainty for customers	Office of Markets, Tariffs and Rates
Statutory cases by workload category	All cases competed by statutory action date	Office of Markets, Tariffs and Rates
Process qualifying facilities workload (regulatory cases)	100% of cases processed by regulatory deadline	Office of Markets, Tariffs and Rates
Evaluate and improve the effectiveness of required environmental enhancement and mitigation measures in hydropower licenses	< Conduct 5 site visits < Hold 2 outreach meetings with stakeholders < Disseminate 2 environmental effectiveness reports	Office of Energy Projects
Update and add new chapters to the Engineering Guidelines, as appropriate	Issue new or revised Engineering Guidelines chapters, as appropriate	Office of Energy Projects
Update the FERC Security Program for Hydropower projects as appropriate	Make program changes as appropriate	Office of Energy Projects
Recovery of companies' prudently incurred costs to safeguard the reliability and security of energy transportation and supply infrastructure	Timely processing of filings seeking recovery of security and safety costs in jurisdictional rates by statutory action date Encourage innovative proposals to recover prudently incurred security costs	Office of Markets, Tariffs and Rates
Percentage of high- and significant-hazard-potential dams inspected annually	100% of high- and significant-hazard-potential dams inspected annually	Office of Energy Projects

(Continued on next page)

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	Office of Energy Projects
Percentage of high- and significant-hazard-potential dams in compliance with EAP requirements	100% of qualifying dams in compliance with EAP requirements	Office of Energy Projects

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of pipeline certificate cases completed in specified time frames	85% of cases completed within the following time frames: < unprotested cases that involve no precedential issues, 159 days < protested cases that involve no precedential issues, 304 days < cases of first impression or containing larger policy implications, 365 days < cases requiring a major environmental assessment or environmental impact statement, 480 days	Office of Energy Projects
Percentage of relicense filings based upon alternative licensing process (ALP)	25% of all relicense cases using ALP	Office of Energy Projects
Percentage of final NEPA documents, required for hydropower license applications filed after FY 2002, completed within specified time frames	75% of final NEPA documents prepared for licenses approved within the following time frames: < ALP case, less than 16 months < Traditional case, less than 24 months	Office of Energy Projects
Inspect each major onshore pipeline project at least once every four weeks during ongoing construction activity	100% of qualifying projects inspected per established schedule	Office of Energy Projects
Percent of final NEPA documents based upon comprehensive settlement agreements completed within specified time frames	75% of final NEPA documents prepared for final comprehensive license settlement agreements are completed within 12 months	Office of Energy Projects
Average processing times for hydropower relicensing	Additional 5% reduction each year	Office of Energy Projects
Complete implementation process of Large Generator Interconnection Policies	Process 100% of remaining compliance tariff filings	Office of Markets, Tariffs and Rates
Complete Implementation process of Small Generator Interconnection Policies	By end of fiscal year, process 90% of all compliance tariff filings submitted by July 31	Office of Markets, Tariffs and Rates
Establish clear cost recovery process for transmission investment in each region	Allow flexibility to ensure utilities or pipelines have sufficient revenue stream to recover investment costs and provide rate certainty for customers	Office of Markets, Tariffs and Rates
Process statutory workload	All cases processed by statutory action date	Office of Markets, Tariffs and Rates
Evaluate the effectiveness of Commission required resources protection measures, and disseminate information on the results.	Conduct a workshop and disseminate one report on the results of the evaluation.	Office of Energy Projects
Maintain environmental quality at hydropower projects.	Resource protection measures constructed and implemented according to license requirements.	Office of Energy Projects

(Continued on next page)

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Time to complete NEPA Prefiling Process	8 months after a complete application is filed	Office of Energy Projects
Yearly increase in the percentage of hydropower projects using the ILP pre-filing process	25%	Office of Energy Projects
Recovery of companies' prudently incurred costs to safeguard the reliability and security of energy transportation and supply infrastructure	Timely processing of filings seeking recovery of security and safety costs in jurisdictional rates by statutory action date	Office of Markets, Tariffs and Rates
	Encourage innovative proposals to recover prudently incurred security costs	
Enhance dam safety	100% of high- and significant-hazard-potential dams inspected annually	Office of Energy Projects
	Percentage of high- and significant-hazard-potential dams meeting all current structural safety standards remains uniformly high	
	100% of qualifying dams in compliance with EAP requirements	
Timely handling of CEII without disrupting requesters' participation rights in other proceedings	No requester's failure to obtain CEII in a timely manner will affect requester's ability to participate effectively in a proceeding	Office of General Counsel
Prevent unauthorized access to security-related documents	No instances of unauthorized access to security-related documents	Office of General Counsel
Number of instances of improved regulation to facilitate security and emergency response	Number of specific measures (e.g., number of security surcharge requests approved, gas allocation principles set)	Office of General Counsel

Performance Measurements for Competitive Markets, FY 2000 B FY 2005

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Customers will have more new products and a reasonable range of suppliers from which to choose in both the electric and natural gas industries. This will indicate that commodity markets are reasonably competitive as well as responsive to customer needs	Monitor the state of the markets	< **Gas**: many new services offered over last few years; Order No. 637 encourages innovative transportation services < **Electric**: greater availability of spot markets, derivatives and other risk management instruments, and national online trading; Order No. 2000 encourages innovative transmission tariffs and services; many power suppliers using market-based rates
Natural gas and electric power prices will become more responsive to market conditions that is, prices will reflect changing supply and demand conditions more clearly and more quickly	Monitor the state of the markets	Prices for both gas and electricity very responsive to even small changes in supply and demand. Electric price volatility signals flawed market rules and need to increase supply, demand response and ability to manage risk
Natural gas prices within each trading region will tend to converge, except to the extent there are demonstrable transportation constraints or costs. Wholesale electricity price differences will also tend to narrow	Monitor the state of the markets	Persistent price differentials developed between West Coast (especially California) and supply regions, possibly signaling need for new transportation capacity
It will be less costly, administratively, to transact business on the interstate natural gas transportation grid	Monitor the state of the markets	Strong growth of online trading for both gas and electricity indicates greater availability of market-related services and probably declining transactions costs

<table>
<tr><th colspan="3">FY 2001</th></tr>
<tr><th>Performance Measurement</th><th>Performance Target</th><th>Result</th></tr>
<tr><td>< Number and size of capacity holders by system
< Number and size of natural gas and electric secondary market participants
< Number and size of pipeline suppliers by region and major customer
< Number and size of electric power marketers</td><td>Analyze the number and sizes, in conjunction with the measures for all indicators</td><td rowspan="12">The Commission created a suite of performance indicators designed to track our success at developing energy markets. The indicators chosen were based on attributes we perceived to be necessary for markets to function. As noted previously, the events of the last year in the Western energy markets demonstrated that, while many of our perceptions were correct (i.e., prices certainly responded to external conditions), the dynamics of the markets exceeded our understanding. For this reason, we view this suite of indicators as a valid, but ultimately unsuccessful experiment, one which we are seeking to revise in concert with our new strategic direction.</td></tr>
<tr><td>Increase in types of tariffed services offered (e.g., parking and lending in natural gas)</td><td rowspan="2">By their very nature, innovations cannot be specified. The Commission will look for patterns of innovation, track and report on them.</td></tr>
<tr><td>Increased services in the market (develop a time line for different services, e.g., new futures exchanges), new types of products (e.g., weather derivatives) and independent exchanges</td></tr>
<tr><td>Response of prices to external conditions in natural gas and electricity (e.g., events, weather, plant outages)</td><td>Large price changes should normally be associated with some clear external event</td></tr>
<tr><td>Incidence of pricing anomalies for natural gas (where price and quantity appear to move in opposite directions)</td><td>Anomalies may indicate real market problems, problems in data, or unanticipated changes in how the market is working</td></tr>
<tr><td>Level of price volatility and changes in price volatility in electricity and gas</td><td>Very high or very low prices can give an early warning for investigation</td></tr>
<tr><td>Correlation of commodity prices across regions</td><td rowspan="3">Correlations should be near 1.0, except when transmission constraints bind and prevent free flow of commodities</td></tr>
<tr><td>Narrowing of commodity price differences in the absence of transmission constraints</td></tr>
<tr><td>Increased market integration (price changes appear to reflect inter-regional trading)</td></tr>
<tr><td>Increased use of market hub services in natural gas and electricity</td><td rowspan="3">Establish a baseline</td></tr>
<tr><td>Growth of electronic services for the commodity and/or transportation</td></tr>
<tr><td>Increased economic transmission distance</td></tr>
</table>

FY 2002		
Performance Measurement	**Performance Target**	**Result**
< Number and size of capacity holders by market < Number and size of natural gas and electric secondary market participants < Number and size of pipeline suppliers by region and major customer < Number and size of electric power marketers	< Reasonable range of suppliers should lead to competitive pricing < Participation indicates confidence in market rules and oversight	Several significant energy marketers have announced either plans to exit the energy trading business, or consideration of exit. Generally sited reasons include financial underperformance and credit concerns. The resulting contraction can have negative effects on liquidity in energy markets. Companies that have announced complete or partial exits from energy trading in recent months include large players like: < American Electric Power < Aquila < Dynegy < El Paso Companies considering exit include < Allegheny < CMS Some players have announced interest in entering as well, including the Bank of America.
Increase in types of tariffed services offered (e.g., parking and lending in natural gas)	Innovation indicates markets are working and market participants are creating their own solutions	In its Annual Performance Report for Fiscal Year 2001, the Commission acknowledged the ineffectiveness of this performance measurement to evaluate the agency's success at developing energy markets. New measurements will be in effect for FY 2003 with attributes the Commission perceives to be necessary for markets to function

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increased services in the market (develop a time line for different services, e.g., new futures exchanges, new types of products (e.g., weather derivatives) and independent exchanges	New service offerings show adaptation to price volatility and help to stabilize markets through hedging of risks	With the end of Enron Online and Dynegy Direct, wholesale energy services largely shifted toward stronger, higher-quality services, including the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE). Enron Online and Dynegy Direct were not exchanges, but extensions of Enron's and Dynegy's marketing efforts. Consequently, they were susceptible to the credit weaknesses of their owners. Exchanges like NYMEX and ICE have better approaches to managing credit risk, and consequently are better for the industry. For example, NYMEX extended its credit clearing ability to certain over-the-counter natural gas and electricity trades. On October 22, 2002, NYMEX announced that it had cleared more than $1.1 billion of these deals since inception of the service on May 31, 2002. In addition, on June 17, 2002, NYMEX and the Chicago Mercantile Exchange (CME) introduced their e-miNY natural gas contracts that handle smaller volumes than standard NYMEX natural gas contracts, extending the reach of exchange-traded futures contracts to smaller energy companies. E-miNY contracts are traded on CME's GLOBEX electronic trading platform. ICE began over-the counter clearing as well, in March 2002. On November 7, 2002, ICE announced that total cleared notional value of natural gas contracts in the United States had surpassed $10 billion. Success of these higher-quality products is a positive sign for energy markets.
Volume of financial risk-hedging transactions, e. g. futures contracts	Viable financial markets provide critical support for physical markets	Futures contracts for natural gas have shown promise in 2002, strengthening to what appears to be record levels. To date, however, there has been no attempt to revive electric futures markets in the U.S.

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Response of prices to external conditions in natural gas and electricity (e.g., events, weather, plant outages)	Large price changes should normally be associated with some clear external event	Price differences that have been associated with external events in 2002 included: < The Leona fire in California in September 2002 caused a key transmission path to be taken out of service, and caused price differences between Northern and Southern California. < Hurricanes in the Gulf (Isidore and Lilli) caused temporary price increases in natural gas prices in September, but prices returned to normal levels after the storms. < Natural gas pipeline capacity into New York City is sometimes constrained, causing significant price increases. Price increases occurred at the end of July 2002 and early in August, with prices rising to a daily midpoint price $7.65. Although these price increases were related to capacity constraints on the pipeline system, they were nevertheless unusual for the season and are still being investigated to assess their cause. < Natural gas prices in Florida have spiked due to capacity problems that are exacerbated by lack of storage capacity. These price increases have occurred under higher load conditions or when Operational Flow Orders have limited pipeline capacity.
Level of price volatility and changes in price volatility in electricity and gas	Changes in price patterns over time can reveal underlying market conditions	Futures price information indicates a slight lowering of price volatility for natural gas since June 2002, in comparison to 2001. From June to September, 30-day volatilities for the near-month contract have ranged from 40 to 70, compared with 80 to 100 during the last quarter of 2001. Without futures prices, similar calculations cannot be made for electricity; however, volatility has clearly dropped from pre 2002 levels.
Correlation of commodity prices across regions; narrowing of commodity price differences in the absence of transmission constraints	Correlations should be near 1.0, except when transmission constraints bind and prevent free flow of commodities	This performance measure is intended to gauge the extent to which arbitrage is causing prices to clear across regions – if arbitrage is effective, price difference should narrow. For 2002, this measure was studied by examining price difference identifying causes that were preventing arbitrage from being effective, or conducting further study to identify causes. These analyses of external conditions are described above under the performance measure for the responsiveness of prices to external conditions.

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Increased use of market hub services in natural gas and electricity	< Increased usage of market infrastructure indicates market depth and liquidity < Increased electronic commerce reduces transactions costs and allows broader market participation	Use has been affected negatively by contraction in the industry (see performance measure 1 of this section).
Growth of electronic services for the commodity and/or transportation		Higher quality options have replaced lower quality options and are showing some strength (see performance measure 3 of this section).
Increased economic transmission distance		Growth in RTOs and the associated development of regional markets in the Midwest (MISO) and through additions to Pennsylvania-New Jersey-Maryland (PJM) have begun to provide the basis for the needed market infrastructure. PJM has added one additional utility as part of PJM west and is beginning the process of adding AEP and other utilities. MISO has begun operation and is planning the development of markets along the lines of the Commission's Standard Market Design (SMD.) In addition, there are designs being discussed among MISO and PJM for the operation of a joint market. These developments will begin to reduce the transactions costs of participation in a broader power market.
Investment in generation and transmission	Investment should be adequate to meet market needs	There has been substantial growth of generation capacity in 2002. Nationwide, approximately 71,000 megawatts of electricity capacity is expected to be added in 2002, on top of around 42,000 megawatts added in 2001. The total capacity added in these two years (113,000 MW) is greater than the total capacity added from 1990 to 1999 (87,000 MW.) At the same time, many future projects have been cancelled or tabled as a result of lower prices in forward markets and the financial problems of many companies. The current outlook is for adequate generation supplies in the near term, but an uncertain outlook in the longer term that will require continued assessment. Transmission investment increased in 2002 compared with previous years, roughly in proportion to the growth in generation. Thus, transmission capacity remains adequate for basic reliability and to accommodate the basic needs of interconnecting new generation capacity. However, there has been no evidence that transmission capacity has been expanded to address the needs of a changing market structure.
Number and type of reliability-related incidents (emergencies, involuntary load reductions, TLRs)	Emergencies should be infrequent; routine market rules should be able to handle most situations	TLR events have not decreased in 2002. This is one of the issues that the Commission is addressing in the Standard Market Design rulemaking.
Amount of load covered by regional institutions	20% increase over FY 2001	Performance target achieved.
Amount of load with congestion management systems	20% increase over FY 2001	Performance target achieved.

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of wholesale service options available	Increase	Prior to FY 2002, the Commission believed tracking the number of wholesale service options available would provide a measure for increased pricing efficiency. This indicator became invalid once the Commission began advancing competitive markets through development of a standard market design. When a standard market design (SMD) is implemented, electric markets will have a strong long-term basis for providing customers with the very real and significant benefits that come from competition. After the country is required to adopt some form of SMD, new measurements will be developed to track its success (e.g., lowering costs through standardized features, etc.).

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Timely processing of RTO filings	Benchmarks to be established in FY 2003	Upon review, we have concluded that it is impractical to put into effect an average processing time for filings as dissimilar in scope, complexity, and number of issues needing resolution as are RTO filings. For example, it took 26 months to grant RTO status to PJM (Pennsylvania-New Jersey-Maryland); 11 months for Midwest ISO. A sampling of other RTO filings or petitions for declaratory orders also revealed significant variances in processing times, as shown below: < SeTrans – Filed on 6/27/02; Commission issued initial order on 10/9/02 (less than 4 months). (SeTrans has not yet formally requested authority to form, or to operate an RTO.) < RTO West – filed on 10/16/00; first order was issued on 4/26/01 (over 6 months); order on Stage 2 issued on 9/18/02 (23 months). < WestConnect – filed on 10/16/01; order issued on 10/10/02 (12 months) (Neither RTO West nor WestConnect has filed a Section 205 requesting RTO status). < Cal ISO – filed on 6/1/01; no order has been issued in this proceeding.
Percentage of country covered by approved RTOs or ISOs (percentage of electricity load)	70% of electricity load in regions where we have jurisdiction	59% of load in jurisdictional areas under an RTO/ISO. RTO/ISO formation remains voluntary, and some regions of the country need additional time to determine and understand the benefits that RTOs/ISOs will bring to customers in their regions and to develop RTOs/ISOs that will meet their particular regional needs.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
imely processing of proposed rulemakings adopting consensus industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC))	Benchmarks to be established in FY 2003	Target is established for FY 2004 as follows: Non-controversial rulemakings completed within 9 months/controversial rulemakings completed within 12 months of external party action. < During October 2002, NAESB filed natural gas industry standards with the Commission. The Commission codified the standards, on which all segments of the natural gas industry had reached consensus, in its Regulations in a Final Rule issued in March 2003, five months after submission. < In June 2003, NAESB filed creditworthiness standards on which all segments of the natural gas industry participants were able to reach consensus; NAESB also reported additional proposed creditworthiness standards on which consensus was not reached. Action is pending on the creditworthiness standards.
Establish RTOs/ISOs with sufficient market monitoring and mitigation measures in place	Fewer complaints about rates in RTOs filed with the Commission	In FY 2002, 19 complaints were filed against ISO/RTOs (ISO-NE 10, NYISO 5, and CAISO 4). In FY 2003, 6 complaints were filed against ISO/RTOs (ISO-NE/NEPOOL 3, NYISO 1, CAISO 1, and PJM 1). While complaints are fewer when comparing FY 2002 and 2003, we do not expect this to be the case in the future; rather, we anticipate more complaints as numbers of participants increase, and as RTOs mature beyond current stages. We will review this performance target for appropriateness. Focusing on the number of complaints about rates in RTOs does not highlight the fact that market monitoring units exist in all RTOs/ISOs and that they work together with the Commission to evaluate market performance and identify problems with proposed and existing market rules, market operations, and individual participant behavior.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
RTO/ISO wholesale market design includes demand-response features	Measure increasing percentage of operating RTOs and ISOs with demand response programs	During FY 2003, four ISOs/RTOs (Cal ISO, NYISO, PJM, and ISO New England) operated demand response programs, and one RTO which does not yet run any energy market (Midwest ISO) did not. Since these four RTOs/ISOs operated demand response programs in FY 2002, there was no increase in the percentage of operating RTOs and ISOs during FY 2003. Nevertheless, throughout the year, FERC has encouraged and approved improvements in both the number and design of demand response in PJM, NYISO and ISO-NE. For example, FERC supported the New England Demand Response Initiative, a broad stakeholder process in New England, to provide a detailed assessment of ISO demand response programs and to develop recommended improvements.
Adopt market design standards for wholesale electric markets	Issue final Standard Market Design rule	In April 2003, the Commission issued a White Paper in the Standard Market Design proceeding that emphasized its strong commitment to customer-based, competitive wholesale power markets, while underscoring an increasingly flexible approach to regional needs and outlining step-by-step elaborations of its key market design proposal. The Commission intends to focus on the formation of RTOs and on ensuring that all independent transmission organizations have sound wholesale market rules. The final rule will allow implementation schedules to vary depending on local needs and will allow for regional differences. During the remainder of FY 2003, the Commission continued its dialogue on market design by holding a number of regional conferences to exchange ideas with stakeholders.
Enhanced regulatory support for market institutions	Creation of OMOI	OMOI established
	Creation of market performance indicators	Market performance indicators created with an ongoing process to add or delete metrics as appropriate.

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Timely processing of filings to establish RTOs, ISOs, or Independent Transmission Companies (ITCs)	All filings processed within 6 months of filing, or before applicant's proposed effective date (whichever is later)	Office of Markets, Tariffs and Rates

(Continued on next page)

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Timely processing of proposed rulemakings adopting consensus industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC))	Non-controversial rulemakings completed within 9 months and controversial rulemakings completed within 12 months	Office of Markets, Tariffs and Rates
Establish cost-effective elements of the wholesale electric market platform within 3 years of RTO/ISO approval	For each approved RTO or ISO, additional wholesale market platform elements will be added: < Regional independent grid operation < Regional transmission planning process < Fair cost allocation for existing and new transmission < Market monitoring and market power mitigation < Spot markets to meet customers' real-time energy needs < Transparency and efficiency in congestion management < Firm transmission rights < Resource adequacy approaches	Office of Markets, Tariffs and Rates
Facilitate construction of electric infrastructure by providing investor confidence of probable cost recovery	Issue Final Policy Statement, "Pricing Policy for Efficient Operation and Expansion of Transmission Grid"	Office of Markets, Tariffs and Rates
Encourage State representatives to establish multi-state regional organizations (e.g., Regional State Committees (RSCs))	Meet at least annually with state representatives in each region	Office of Markets, Tariffs and Rates
Advance well-functioning markets that deliver the benefits of competition	Complete revisions to interim market-based ratemaking policy	Office of Markets, Tariffs and Rates
All markets have in place rules that permit and encourage qualified demand response participation on an equal basis with supply	All RTOs and ISOs have rules, permitting demand response participation in RTO/ISO-controlled markets, in place and approved by the Commission within 1 year of commencing day-ahead markets	Office of Markets, Tariffs and Rates

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Timely processing of filings to establish RTOs, ISOs, or Independent Transmission Companies (ITCs)	All filings processed within 6 months of filing, or before applicant's proposed effective date (whichever is later)	Office of Markets, Tariffs and Rates
Timely processing of proposed rulemakings adopting industry-wide business practice and reliability standards (North American Energy Standards Board (NAESB) and North American Electric Reliability Council (NERC))	Non-controversial rulemakings completed within 9 months and controversial rulemakings completed within 12 months	Office of Markets, Tariffs and Rates

(Continued on next page)

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Establish cost-effective elements of the wholesale electric market platform within 3 years of RTO/ISO approval	For each approved RTO or ISO, additional wholesale market platform elements will be added: < Regional independent grid operation < Regional transmission planning process < Fair cost allocation for existing and new transmission < Market monitoring and market power mitigation < Spot markets to meet customers' real-time energy needs < Transparency and efficiency in congestion management < Firm transmission rights < Resource adequacy approaches	Office of Markets, Tariffs and Rates
Assist multi-state regional organizations (Regional State Committees (RSCs)) in resolving regional policy and planning issues	Meet at least annually with multi-state organizations established for each approved RTO/ISO	Office of Markets, Tariffs and Rates
Monitor electric transmission system reliability thru joint NERC-FERC reliability audits	Participate in NERC-FERC reliability audits of entities serving greater than 50% of the nation's electric customers served by public utilities	Office of Markets, Tariffs and Rates
Wholesale prices in regions with functioning RTO markets are lower than they would have been otherwise	Over the first five years of wholesale market platform operation, wholesale prices will average 2% lower than our estimate of what they would have been without good wholesale markets, controlling for factors not related to the electric markets themselves, such as inflation, fuel costs and weather.	Office of Market Oversight and Investigations
Advance well-functioning markets that deliver the benefits of competition	Process market-based ratemaking filings within statutory deadline	Office of Markets, Tariffs and Rates
All markets have in place rules that permit and encourage qualified demand response participation on an equal basis with supply	All RTOs and ISOs have rules, permitting demand response participation in RTO/ISO-controlled markets, in place and approved by the Commission within 1 year of commencing day-ahead markets	Office of Markets, Tariffs and Rates

Performance Measurements for Market Oversight, FY 2000 B FY 2005

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Market participants will have confidence that natural gas markets, electric markets, and oil transportation services are working fairly and that they are not subject to abuses of market power. That is: < Broad customer classes (not necessarily every customer) will agree that buyers and sellers have access to competitively priced commodity markets in the national gas transportation and electric trans-mission grids < Customers will generally agree that gas pipe-line, electric transmission and oil transportation rates and services are just and reasonable, fairly balancing the competing interests of the transporting or transmitting companies and their customers	Monitor the state of the markets	In response to electric power volatility, the Commission issued detailed studies of each regional bulk power market, which included consideration of a variety of market power issues

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of respondents perceiving a lack of market power	Establish baseline	The Commission created a suite of performance indicators designed to track our success at developing energy markets. The indicators chosen were based on attributes we perceived to be necessary for markets to function. As noted previously, the events of the last year in the Western energy markets demonstrated that, while many of our perceptions were correct (i.e., prices certainly responded to external conditions), the dynamics of the markets exceeded our understanding. For this reason, we view this suite of indicators as a valid, but ultimately unsuccessful experiment, one which we are seeking to revise in concert with our new strategic direction.

(Continued on next page)

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of customers satisfied with ADR procedures at the Commission	75% satisfaction rate	**OALJ**: Participants report near 100% satisfaction with ADR[1] procedures. Satisfaction is indicated by calls from participants and by continuing and increasing requests for the appointment of settlement judges and mediators. **DRS**: 90% (20 out of 22 completed cases). This includes 5 cases begun in FY 2000 and completed in FY 2001. It does not include simple inquiries about ADR or cases in which parties expressed no interest in using ADR (11 cases), cases that were referred to Enforcement (2 cases), cases in which the DRS only coached parties, or cases that were ongoing into FY 2002 (17 cases).
Percentage of contested proceedings that achieve consensual agreements	25% increase over FY 2000	**OALJ**: During FY2001 80% of cases set for hearing were resolved through some form of ADR vs. 76.7% during FY 2000. **DRS**: 90% vs. 89% during FY 2000.
Number of requests and referrals for ADR services	Increase by 50% over FY 2000	**OALJ**: During FY2001 60 out of 77 cases (77.9%) terminated by OALJ were resolved through some means of ADR vs. 60 out of 83 cases (72.3%) during FY2000. **DRS**: 52 requests vs. 40 requests in FY 2000, a 30% increase. This includes simple inquiries about ADR, cases referred to DRS in which the parties indicated no interest in pursuing ADR, cases referred to Enforcement, and ongoing cases.
Percentage of ADR cases resolved or terminated within established time frames	< 50% within 100 days < 75% within 150 days < 100% within 200 days	**OALJ**: Of 60 cases: < 10 cases settled within 100 days (17%) < 10 cases settled within 150 days (17%) < 11 cases settled within 200 days (18%) < 29 cases settled after 200 days (48.3%) **DRS**: Of 22 completed cases: < 8 cases completed within 100 days (36%) < 4 cases completed within 150 days (54%) < 5 cases completed within 200 days (77%) < 5 cases completed in over 200 days

[1] ADR is considered the Aumbrella@ of dispute resolution. Many forms of dispute resolution are encompassed within ADR, such as mediation, settlement judge procedures, mini-trials, arbitration, and combinations of these methods. Cases referred to OALJ for ADR involve disputes of hotly contested issues and millions of dollars. Due to the size and complexity of cases referred to OALJ for ADR, the process of achieving consensual resolution often involves considerable time and effort.

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of market monitoring institutions and systems	Increase over FY 2001	Performance target achieved.
Number of public utilities separating ownership or operation of transmission facilities from generation	Increase over FY 2001	Performance target achieved.
Number of requests and referrals for ADR services	25% increase over FY 2001	**DRS:** There were 52 requests in FY 2001, and 51 requests in FY 2002. This represents a slight decrease. However, this amount also reflects an increase in the DRS non-case projects and development of stakeholder programs. The 51 request or active cases includes simple inquiries about ADR, cases in which persons eventually indicated that they were not interested in using ADR, cases referred to Enforcement Hotline, and ongoing cases.
Percentage of customers satisfied with ADR processes	85%	**OALJ/OAL:** Participants report near 100% satisfaction with ADR procedures. Satisfaction is indicated by calls from participants and by the increase in ADR procedures. **DRS:** 90% (21 out of 23 completed cases). Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).
Percentage of processes that achieve consensual agreements < ADR processes < Cases set for litigation resolved, at least in part, through consensual agreement	< 25% increase over FY 2001 < 5% increase over FY 2001	**OALJ/OAL**: Settlements were achieved in 69 out of 79 cases through ADR procedures. **During FY-2002:** 69 out of 79 cases (86.3%) were completed through ADR. **In FY-2001:** 62 out of 77 cases were completed through ADR (80.5%) **DRS:** 20 of 23 cases (87%) that were completed in FY 2002 achieved settlement. Note: This includes 10 cases that were begun prior to FY 2002 but completed in FY 2002. It does not include simple inquiries about ADR (6), cases in which persons eventually said they were not interested in using ADR (7), cases referred to Enforcement Hotline (1), or cases that were ongoing into FY 2003 (14).

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases in time frames < ADR processes completed < litigated cases reaching initial decision	< 20% of ADR cases within 60 days < 30% of ADR cases within 100 days < 75% of ADR cases within 150 days < 100% of ADR cases within 200 days < 95% of simple litigated cases within 206 days (29.5 weeks) < 95% of complex litigated cases within 329 days (47 weeks) < 95% of exceptionally complex cases, 441 (63 weeks) < 95% of regular complaints, 60 days < 95% of "fast track" complaints, 8 days	**ADR Cases – OALJ/OAL**: 69 cases were completed by settlement: < 4 out of 69 cases were settled within 60 days (5.8%). < 11 out of 69 cases sere settled within 100 days (15.9%). < 18 out of 69 cases were settled within 150 days (26%). < 11 out of 69 cases were settled within 200 days (16%). < 25 out of 69 cases were settled after 200 days (36%). **ADR Cases - DRS :** Of 23 completed cases: < 5 were completed within 60 days (21% total). < 7 more were completed within 100 days (52% total). < 1 more was completed within 150 days (57% total). < 2 more were completed within 200 days (60% total). < The remaining 8 were completed in over 200 days. **Litigated Cases – OALJ/OAL:** Track I Cases – Standard processing Time = 29.5 weeks – None during FY-2002. Track II Cases – Standard Processing time = 47 weeks – FY-2002 average Processing Time 32.5 weeks Track III Cases – Standard Processing Time = 63 weeks – FY-2002 Average 39.42 weeks **Complaint Cases** – FY-2002 Complaints All took > 60 days to resolve.

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Enhance institutional capability for overseeing energy markets	Establish the Office of Market Oversight and Investigations	Complete
	Publish regular summer and winter Seasonal Market Assessments	Reported winter 2002-2003 and summer 2003 assessments in formal presentations to the Commission and published on Commission's website.
	Develop metrics/indicators of gas and electric market performance measures	Developed 5 standard metrics for electric markets that agreed with market monitoring units.
Top to bottom review of all existing information systems to monitor markets	Complete entire review	The complete review has been delayed until FY 2004.
Development or acquisition of usable electronic baselines and databases to support market oversight objectives	Complete development of all baselines and databases by end of FY 2003	Complete

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Development of market expertise	Training on market issues for 40% of OMOI and 20% of OMTR, OGC, and other staff	OMOI: 50% of OMOI staff received training explicitly related to markets. OMTR: Target met through a combination of formal and informal training opportunities available to or required of OMTR staff. Examples of informal training: attendance at events sponsored by OMOI such as presentations by guest speakers with market expertise and courses on the operations of ISOs in New York and New England; market development discussions at selected Commission meetings which are aired live as well as videotaped for later viewing; access to material relevant to Commission conferences posted on the web site; speakers brought in by group managers to discuss various topics—including market-related issues—at their group meetings; and hands-on training conducted in our divisions.
	Hiring of staff with market expertise	Hiring target achieved
	Issuance of market assessment products and data analysis demonstrating market understanding	Produced comprehensive market surveillance report for each closed Commission meeting (every two to three weeks); seasonal assessments; and daily market reports for Commission staff. Also analyzed key issued in detail, for example, natural gas spike and energy price index reaction.
Establishment of protocols between the Commission and independent market monitoring units of RTOs	All approved RTOs	Target achieved
Timeliness of corporate application orders	Less than 20% of merger applications will require examination or the imposition of mitigation measures beyond the initial review period, with such percentage targeted to decrease as further policy guidance is issued in cases requiring more time to address market power	Since the Commission received no merger requests in FY 2003, we have no results to report for this performance measure.
Timeliness of audits	Complete 90% of audits on time	Target achieved
Timeliness of Hotline calls resolutions	Resolve 80% within 1 week of initial contact	74% of Hotline calls were closed by the end of the two-week period in which they were received during FY 2003. The performance goal was set at an approximate level, and deviation from that level was immaterial and did not effect overall program or activity performance.
Timeliness of formal complaints resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	**OALJ/OAL:** Issued six initial decisions on complaints set for hearing. 84% were completed within expected targets (4 out of 6). OALJ also handled 17 additional complaints; 12 settled; 5 were either returned to the Commission for further action or set for hearing before a judge (no targets were set for those cases while in settlement mode).

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Number of requests and referrals for ADR services	Maintain at or increase levels achieved in FY 2001	**DRS:** 38 requests or active cases were initiated in FY 2003. This number includes simple inquiries about ADR, cases in which persons eventually indicated that they were not interested in using ADR, cases referred to Enforcement Hotline, and cases that are ongoing into FY 2004. Note: There were 51 requests in FY 2002, and 38 requests in FY 2003. While this represents a decrease in cases, the DRS efforts devoted to outreach projects have increased dramatically by comparison.
Percentage of customers satisfied with ADR processes	85%	**DRS:** 14 of 20 cases (70%) that were completed in FY 2003 achieved settlement. The performance goal was set at an approximate level, and deviation from that level did not effect the overall program or activity performance.
Percentage of processes that achieve consensual agreements	Maintain at or increase levels achieved in FY 2001	**OALJ/OAL:** 112 cases were closed in OALJ. Out of the 112 cases, 16 cases were terminated by initial decision, leaving 94 cases where ADR was used. Of the 94 cases, settlement was achieved in 76 cases (81% success). Settlement was not successful in 18 of the 94 cases. **DRS:** 14 of 20 cases (70%) that were completed in FY 2003 achieved settlement. Note: This includes 7 cases that were begun prior to FY 2003 but completed in FY 2003. It does not include simple inquires about ADR (1), cases in which persons eventually said they were not interested in trying ADR or ADR was determined to be inappropriate (11), cases referred to Enforcement Hotline (3), or cases that were ongoing into FY 2004 (14).

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Percentage of cases in time frames < ADR processes completed < litigated cases reaching initial decision	< 20% of ADR cases within 60 days < 30% of ADR cases within 100 days < 75% of ADR cases within 150 days < 100% of ADR cases within 200 days < 95% of simple litigated cases within 206 days (29.5 weeks) < 95% of complex litigated cases within 329 days (47 weeks) < 95% of exceptionally complex cases, 441 (63 weeks) < 95% of regular complaints, 60 days	**ADR Cases – OALJ/OAL:** 76 cases were successfully completed through the use of ADR: < 2 cases completed in < 60 days (2.6%) < 10 cases completed in < 100 days (13%) < 15 cases completed in <150 days (20%) < 14 cases completed in < 200 days (18%) < 35 cases completed in >200 days The performance targets for ADR cases referred to OALJ/OAL are unrealistic as shown by the results above. The types of cases referred to OALJ/OAL are very complex, multi-party cases. For the most part these cases are eventually settled (we settled 76 of 94 cases in FY 2003). However, these cases take much longer to settle given the nature of negotiations. **ADR Cases – DRS:** 20 cases completed through the use of ADR: < 8 cases completed in < 60 days (40%) < 2 cases completed in < 100 days (10%) < 5 cases completed in < 150 days (25%) < 3 cases completed in < 200 days (15%) < 2 cases completed in > 200 days (10%) **Litigated Cases – OALJ/OAL:** < Track I Cases: Standard processing time = 29.5 weeks. FY 2003 Average processing time = 24.3 weeks < Track II Cases: Standard processing time = 47 weeks. FY 2003 Average processing time = 38.4 weeks < Track III Cases: Standard processing time = 63 weeks. FY 2003 Average processing time = 46.2 weeks **Regular Complaints – OGC:** 97%

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Enhance institutional capability for overseeing energy markets	Improve metrics/indicators of gas and electric market performance measures	Office of Market Oversight and Investigations
Development of market expertise	30% of OMOI staff have energy market experience gained through direct activity in those markets.	Office of Market Oversight and Investigations
Track Performance of Natural Gas and Electric Markets	Issue Market Surveillance Reports to the Commission twice each month	Office of Market Oversight and Investigations
Assess Performance of Natural Gas and Electric Markets	Publish regular summer and winter Seasonal Market Assessments, State of the Market Reports, and other reports as conditions warrant.	Office of Market Oversight and Investigations
Timeliness of corporate application orders	Process all section 203 applications within 90 days of the date comments are filed	Office of Markets, Tariffs and Rates

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**

(Continued on next page)

Performance Measurement	Performance Target	Data Source
Timeliness of industry wide financial audits	Complete 90% of audits within 120 days	Office of Executive Director
Timeliness of Hotline call resolutions	Resolve 80% within 1 week of initial contact	Office of Market Oversight and Investigations
Timeliness of formal complaint resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	Office of Market Oversight and Investigations
Number of requests and referrals for ADR services	Maintain at or increase levels achieved in FY 2001	Dispute Resolution Service
Percentage of customers satisfied with ADR processes	85%	Dispute Resolution Service
Percentage of processes that achieve consensual agreements	Maintain at or increase levels achieved in FY 2001	Dispute Resolution Service / Office of General Counsel / Office of Administrative Law Judges/ Office of Administrative Litigation
Percentage of cases in time frames < ADR processes completed < litigated cases reaching initial decision	< 20% of ADR cases within 60 days < 30% of ADR cases within 100 days < 75% of ADR cases within 150 days < 100% of ADR cases within 200 days < 95% of simple litigated cases within 206 days < 95% of complex litigated cases within 329 days < 95% of exceptionally complex cases within 441 days < 95% of regular complaints within 60 days	Dispute Resolution Service / Office of General Counsel / Office of Administrative Law Judges/ Office of Administrative Litigation

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Enhance institutional capability for overseeing energy markets	The Electronic Quarterly Report of electric transactions will be fully functional.	Office of Market Oversight and Investigations
	The Commission will identify further key data requirements needed to analyze energy markets.	
Development of market expertise	MMUs will produce standardized market metrics.	Office of Market Oversight and Investigations
	The Commission will use standard metrics developed by the MMUs to develop a balanced scorecard to determine how well energy markets are working	

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Enhance the Commission's and public's understanding of energy markets	Issue Market Surveillance Reports to the Commission in conjunction with the Commission's public meeting schedule. Publish Market Assessments, State of the Market Reports, and other reports as conditions warrant.	Office of Market Oversight and Investigations
Identify and remedy market problems	Provide analysis and recommendations on major market problems.	Office of Market Oversight and Investigations
Timeliness of corporate application orders	Process all section 203 applications within 90 days of the date comments are filed.	Office of Markets, Tariffs and Rates
Timeliness of industry wide financial audits	Complete 90% of audits within 120 days	Office of Executive Director
Timeliness of Hotline call resolutions	Close 60% within 2 weeks of initial contact	Office of Market Oversight and Investigations
Timeliness of formal complaint resolutions	Complete 80% within target time frames for various paths for resolution of complaints as specified by the Commission	Office of General Counsel / Office of Administrative Law Judges / Office of Administrative Litigation/ Office of Market Oversight and Investigations
Number of requests and referrals for ADR services	Maintain at or increase levels achieved in FY 2001	Dispute Resolution Service
Percentage of processes that achieve consensual agreements	Maintain at or increase levels achieved in FY 2001	Dispute Resolution Service / Office of General Counsel / Office of Administrative Law Judges/ Office of Administrative Litigation
Number of major rule violations for a particular set of business practices	None or Few	Office of Market Oversight and Investigations
Timely resolution of allegations of market misconduct	Resolution within established timeframes for FERC investigations and litigation, as posted on the Commission internet site	Office of Administrative Litigation

(Continued on next page)

Performance Measurements for Resource Management, FY 2000 B FY 2005

FY 2000		
Performance Measurement	**Performance Target**	**Result**
Reduce the processing time for docketed workload and for resolving disputes	None established	< Met or exceeded processing targets for natural gas pipeline certificates < Set new time lines to reduce average litigation times by up to one quarter. Designated times were met in 80% of cases. < 52% of cases set for hearing were mediated < Average time for approval of uncontested settlements dropped from more than 100 days to 47 days
Minimize filing burden	None established	< Revised accounting and reporting requirements to reduce information reporting and maintenance burden by 25%, and updated records retention requirements < Initiated e-filing pilot for 35% of Commission s filings
Generate better information for use by the industries	None established	Extended use of Internet to disseminate dam safety information, pilot e-filings, and issue notices, orders, and major rules
Continue to receive an unqualified audit opinion on the Annual Financial Statements	Unqualified opinion	Unqualified opinion received
Formulate the budget so that current year costs are within 5% of the total budgetary resources for the fiscal year	Spending within 5% of funding	Actual spending was within 5% of funding
Pay 95% of all payments accurately and on time: vendors within the time required by the Prompt Payment Act; internal customers in 10 days or less	95% of payments to external vendors made timely and accurately; payments to internal customers in 10 days or less	On-time invoice payments at 85%. (Early payments made to close out old system and implement new one.) Internal payments averaged 2.6 days.
Meet or exceed planned due dates 90% of the time for performing and completing FMFIA requirements and internal financial and performance reviews	Meet or exceed planned due dates 90% of the time	Met 100% of planned due dates

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of filings that FERC is capable of receiving electronically	Capability to receive 50% of filings electronically	Capability to receive 38% of filings electronically by the end of FY 2001. Percentage brought to 46% by mid-November 2001.
Percentage of filings submitted electronically	50% of filings FERC is capable of receiving electronically are submitted electronically	17% of filings FERC is capable of receiving electronically are submitted electronically. 30% reached by October 31.
Timely issuance of notices/orders	95% of gas and electric notices and orders issued within 5 workdays	97% of gas and electric notices/orders issued within 5 workdays
Unqualified opinion on external audits	Unqualified opinion	Unqualified opinion received for FY 2001.
Percentage of office directors operating within designated salary budgets	80%	100% of office directors operated within designated salary budgets.

(Continued on next page)

FY 2001		
Performance Measurement	**Performance Target**	**Result**
Percentage of payments made within Prompt Payment Act requirements	95%	81%
Number of days to award purchase orders	Within 5 days of receipt of notification	98% of purchase orders awarded within 5 days of receipt of requisition
Number of days to award contracts	Within 30 days of receipt of notification	95% of contracts awarded within 30 days of receipt of requisitions
Number of award fee contracts	Increase by 10% over FY 2000	Award fee contracts and firm fixed price contracts increased by 10% over FY 2000 levels.
Percentage of respondents giving positive ratings for FERC focusing on the right things	10% increase over baseline	The Commission adopted a new Strategic Plan to focus on important issues arising from the Western Market meltdown. No surveys done during these times of great pressure and uncertainty.
Percentage of employees in under-represented groups	Increase Hispanic employee population by 5%	The Commission increased its Hispanic employee population by 10 percent.
Percentage of senior executives participating in FERC s diversity initiative	100% of the office directors will have participated in the first phase	< 100 percent of office directors participated in discussions with the Diversity Council concerning the direction of diversity at FERC. < 25 percent of office directors actively participated in minority recruitment activities.
Percentage of supervisory participation in LEaD	100% of supervisors and managers will have completed training on the 5 leadership behaviors	100% of supervisors and managers (including new supervisors, managers, and team leaders) have completed training on the 5 leadership behaviors.
Number of learning agreements	5% increase over FY 2000	29 employees on learning agreements in FY 2001, the first year of reporting
Number of mentor/protégé teams	10 mentor/protégé teams	At least 15 mentor/protégé teams

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Number of documents and filings available and received electronically	10% increase over FY 2001	< The percent of qualified documents received electronically increased from 11.6% to 34.38% < Number of filings received in FY 2001 was 1,968; in FY 2002 we reach 8,903.
Reliability of IT infrastructure services	< 98% network availability < 33% annual PC replacement < 98% Internet site availability	< 98.5% network availability < 33% annual PC replacement < 99.5% Internet site availability
Percentage of agenda items issued within 5 working days of a Commission meeting	100%	100%
Percentage of electric notices issued within 5 working days of receipt of filing	95%	95%
Unqualified opinion on annual financial statements	Unqualified opinion	Commission received an unqualified opinion on its FY 2001 financial statements

(Continued on next page)

FY 2002		
Performance Measurement	**Performance Target**	**Result**
Monitor manage-to-budget concept	Track biweekly; review quarterly	Performed bi-weekly updates to manage-to-budget spreadsheets used by managers to track spending, and reviewed status quarterly
Effective and efficient financial and administrative support	< Collect annual charges within 45 days of billing < 98% of invoices paid by electronic funds transfer < 1% increase in contract awards and purchase orders to small, minority, and women-owned businesses < All contracts advertised online < All contracts performance-based	< Collected 98% of the annual charges assessed in FY 2002 within 45 days of billing < Processed 100% of payments electronically < 92% increase < All contracts were advertised online < All contracts were performance-based
Increase diversity of staff in high grades	Increase diversity in GS-14, GS-15, and SES positions by 10% over current baseline	Increased the number of minorities in GS-14, GS-15 and SES positions by five (or 6 percent).
Number of new hires from recruitment program	Meet the Commission s need for new talent through targeted recruitment, with 50% at entry levels	Exceeded 50% target level by 2%. Of the 103 permanent hires in FY 2002, 54 were entry level recruits. Met the Commission's need for new talent through targeted recruitment.
Staff participation in learning and development programs	< Expand leadership development program < Implement development plans for 20% of staff < Initiate employee rotational development program	< Completed 360-degree feedbacks with senior staff < Developmental plans for all new Federal Career Intern Program (FCIP) interns < Draft proposal for a pilot rotational development program in OED
Periodic manager-staff discussions about performance accomplishments and improvements	Expand to 3 major offices the program for quarterly discussions on performance objectives	Made available to major offices the program for quarterly discussions on performance objectives. Completed the program in two offices.
Percentage of awards presented for helping accomplish specific Commission goals	More than 50% of awards for quality service based on accomplishments supporting strategic objectives	The target level was met. Based on the responses regarding FY 2002 incentive awards more than 50% of awards were given for quality service based on accomplishments supporting strategic objectives.

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Number of new hires from recruitment program	Attract new talent through targeted recruitment, with 50% at entry levels	Exceeded target level by 2%. Of the 60 permanent hires in targeted positions in FY 2003, 31 were entry level recruits. Met the Commission's need for new talent through targeted recruitment.
New staff from summer intern program	Hire 30% of participants into permanent positions	Exceeded target level by 3%. Of the 33 summer interns eligible to be hired, 11 were hired into permanent positions.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Increase diversity of staff in high grades	Continue increasing diversity in GS-14, GS-15 and SES positions	Increased the number of women and minorities in GS-14, GS-15 and SES positions by 35 (18%). Of the 35, 13 (37%) were minorities.
Encourage knowledge sharing	Conduct informal training workshops	Conducted 184 informal training workshops in 5 offices.
Improved executive performance	Implement 360 degree assessment of senior staff	Completed 360 degree assessments for 129 supervisors and managers, including senior staff. Completed targeted individual executive coaching sessions.
Percentage of transactions accepted electronically	95% of transactions accepted electronically	57% of all documents received were eligible to be e-filed; 53% of the documents eligible to be e-filed were actually e-filed; 33% of all documents received (paper and electronic) were e-filed. We expect to have 95% of transactions eligible to be accepted electronically in December 2003.
Percentage of e-issuance versus paper	90% of Commission documents issued electronically	100%
Improved Web site	Redesigned Web site	The redesigned web site, sponsored by the Office of External Affairs, was deployed in August, 2003.
	99% availability	The site was 99% available in FY 2003 based on contract performance evaluation server availability reporting by FERC IT Support Services contractor.
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	99% of FERC issuances are available online within 24 hours or less. 99% of electronic submissions to FERC are published within 24 hours of review by the Office of the Secretary. 99% of paper submissions to FERC are published within 48 hours.
Network availability	99%	File and Printer servers (where all Office Automation applications and network drives reside) were available for use 99.93% of the Prime Period of Maintenance (PPM). The PPM is defined as the 11 hour period from 7:00 a.m. to 6:00 p.m. on all days the FERC is open for business.
Standard office automation platform and PC rate of refresh	33%	During this performance period, in an effort to reduce costs, the replace cycle has been changed from 3 years to 3.5 years. During this period 335 CPUs were replaced that were 3.5 years or older. All primary FERC workstations are now newer than 3.5 years old. The performance measure should reflect the new 28.5% target.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Timeliness of virus definition files updates on servers and workstations	Updates within 24 hours from release by vendors	The performance target has been met. We currently have our servers set up to Auto Update each morning at 1 a.m. for any Virus Engine Updates and at 2 a.m. for any DAT (virus definition file) Updates. They are set to update daily and to scan local drives 'On Access' and boot sectors and floppy drives on shutdown. Updates are received via the internal FERC 'McAfee/NetShield' FTP server which in turn is getting the updates straight from the secure Network Associates, Inc. (NAI) site. We update to this server and use it as an internal update point for security and ease of configuration. All workstations are configured to check virus update from FTP server hourly.
IT system changes to comply with enterprise IT architecture and configuration management practices	Implement 98% reviews	Although an Enterprise IT Architecture has not been completed for FERC, 100% of configuration changes are reviewed and approved or rejected by the FERC DCIO Configuration Control Board. All change requests and approvals are documented in the FERC configuration management library.
Improved integration of work processes and electronic filing	Refresh integrated filing, docket, and document management system	Software releases of the FERC eFiling system were deployed in FY 2003 that increased the types of documents accepted electronically, improved the interface used by stakeholders to submit documents electronically, and improved the integration with the FERC document management system, eLibrary, and the FERC Online eRegistration system. A business case for the Activity Management Tracking System (ATMS) is under review by the FERC Online Executive Steering Committee. ATMS will allow FERC to align FTE time reporting with business planning goals and objectives. Two releases of the FERC document management system, eLibrary, were deployed that improved systems availability, reliability, and usability as documented in weekly reporting by the FERC IT Support Services Contractor and reflected in comments received through customer surveys. eSubscription, a facility that allows stakeholders to receive email notifications and document links whenever a document is received or issued in a case to which they subscribe, was deployed and has improved the work processes of external and internal stakeholders.

(Continued on next page)

FY 2003		
Performance Measurement	**Performance Target**	**Result**
Monitoring of manage-to-budget process	Bi-weekly tracking of office salary levels and quarterly review of salary levels between CFO and Office Directors	The Commission met its performance target of bi-weekly tracking of the MTB process. However, the quarterly reviews between the CFO and Office Directors did not take place. This was due to the open and constant communication between the Division of Budget and the individual office MTB points-of-contact. As a result, managers were able to make quicker and more informed decisions on the resources within their particular program. No issues were raised during these discussions that necessitated involvement from the CFO or Office Directors.
Timeliness of annual charges collections	Within 45 days of billing	The Commission collected 74% of the total dollar value of current year annual charge billings within the 45 day billing period; however, by the close of the fiscal year, the Commission collected 96% of the total dollar value of current year billings.
Invoices paid by electronic funds transfer	98%	The Commission processed over 99% of its disbursements via electronic funds transfer.
Accuracy and completeness of annual financial statements	Unqualified opinion	The Commission received an unqualified opinion on its FY 2002 financial statements.
Percentage of contracts performance-based	100%	100% of all contracts were performance based.
Percentage of contracts advertised online	100%	100% of all competitive contract requirements advertised in the Fed Biz Ops.

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Number of new hires from recruitment program	Attract new talent through targeted recruitment, with 50% at entry levels	Office of Executive Director
New staff from summer intern program	Hire 30% of participants into permanent positions	Office of Executive Director
Increase diversity of staff in high grades	Continue increasing diversity in GS-14, GS-15 and SES positions	Office of Executive Director
Improved executive performance	< Implement 360 degree assessment of senior staff < Expand training in leadership and management skills	Office of Executive Director
Mentoring program	Implement FERC-wide mentoring program for all employees	Office of Executive Director
Average IT costs per FTE	Below industry average for Federal agencies	Office of Executive Director
Percentage of transactions accepted electronically	95% of transactions accepted electronically	Office of the Secretary
Improved Internet Website	99% availability	Office of Executive Director

(Continued on next page)

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	Office of Executive Director
Improved reliability and availability of FERRIS	Increase customer satisfaction 25% over FY 2003	Office of Executive Director
Network availability	99%	Office of Executive Director
Desktop reliability	Increase reliability by 5% per year	Office of Executive Director
Standard office automation platform and PC rate of refresh	33%	Office of Executive Director
Timeliness of virus file updates on servers and workstations	Updates within 24 hours from release by vendors	Office of Executive Director
Implementation of Federal Information Security Management Act (FISMA) for small agencies	95%	Office of Executive Director
Develop Communications Plan	Increase number of proactive interactions with the Press, Elected Officials, and Industry by 25%	Office of External Affairs
Redesign Internet Website	Make internet site more useful and user-friendly	Office of External Affairs / Office of Executive Director
Engage Stakeholders	Provide 50 presentations to government or other groups of stakeholders	Office of Market Oversight and Investigations / Office of Energy Projects / Office of the General Counsel
Report Market Conditions	Publish regular summer and winter Seasonal Market Assessments, and other reports as conditions warrant	Office of Market Oversight and Investigations
Discussions with State regulatory bodies on Commission policies and actions	Formal, effective interactions between FERC and state officials on policy issues	Office of External Affairs / Office of Markets, Tariffs and Rates / Office of the General Counsel
Expand discussions with Canada and Mexico	Formal interaction with Canadian and Mexican regulators on policy issues	Office of External Affairs / Office of Energy Projects / Office of Markets, Tariffs and Rates
Foster communication with States and Governors on infrastructure	Hold infrastructure conferences in each region	Office of External Affairs / Office of Energy Projects
Maintain liaison with market monitors in RTOs and ISOs	Meet at least twice annually with RTO and ISO market monitors	Office of Market Oversight and Investigations
Outreach to stakeholder groups to encourage use of conflict resolution mechanisms	Increase number of outreach opportunities with stakeholders by 25%	Dispute Resolution Service
Monitoring of manage-to-budget process	Bi-weekly tracking of office salary levels and quarterly review of salary levels between CFO and Office Directors	Office of Executive Director
Monitoring of business plan	< Clarity of fit between projects, activities, and objectives < Periodic monitoring of completions and adjustments to plan and related resources	Office of Executive Director
Timeliness of annual charges collections	Collect 98% of outstanding receivables within 45 days of billing	Office of Executive Director
Invoices paid by electronic funds transfer	98%	Office of Executive Director
Percentage of payments accomplished without error	98%	Office of Executive Director

(Continued on next page)

FY 2004		
Performance Measurement	**Performance Target**	**Data Source**
Accuracy and completeness of annual financial statements	Unqualified opinion	Office of Executive Director
Percentage of contracts performance-based	100%	Office of Executive Director
Percentage of contracts advertised online	100%	Office of Executive Director

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Number of new hires from recruitment program	Attract new talent in mainstream occupations through targeted recruitment, with 50% at entry levels	Office of Executive Director
New staff from summer intern program	Hire 30% of participants into permanent positions	Office of Executive Director
Increase diversity of staff in high grades	Continue increasing diversity in GS-14, GS-15 and SES positions	Office of Executive Director
Improved executive/managerial development	Expand training in leadership and management skills	Office of Executive Director
Improved technical development	Implement second phase of “markets curriculum” for experiences staff	Office of Executive Director
Mentoring program	Implement office/program specific mentoring programs	Office of Executive Director
Improved human capital processes	Implement selected human resources flexibilities provided by new legislation	Office of Executive Director
Average IT costs per FTE	Below industry average for Federal agencies	Office of Executive Director
Percentage of transactions accepted electronically	95% of transactions accepted electronically	Office of the Secretary
Improved Internet Website	99% availability	Office of Executive Director
Timeliness of getting public documents online	99% within 24 hours of receipt or issuance	Office of Executive Director
Improved reliability and availability of FERRIS	Increase customer satisfaction 25% over FY 2003	Office of Executive Director
Network availability	99%	Office of Executive Director
Desktop reliability	Increase reliability by 5% per year	Office of Executive Director
Standard office automation platform and PC rate of refresh	33%	Office of Executive Director
Timeliness of virus file updates on servers and workstations	Updates within 24 hours from release by vendors	Office of Executive Director
Implementation of Federal Information Security Management Act (FISMA) for small agencies	95%	Office of Executive Director
Development of initial enterprise architecture	Complete by October 30, 2004	Office of Executive Director
Develop Communications Plan	Increase number of proactive interactions with the Press, Elected Officials, and Industry by 25%	Office of External Affairs

(Continued on next page)

FY 2005		
Performance Measurement	**Performance Target**	**Data Source**
Redesign Internet Website	Make internet site more useful and user-friendly	Office of External Affairs / Office of Executive Director
Engage Stakeholders	Provide 50 presentations to government or other groups of stakeholders	Office of Market Oversight and Investigations / Office of Energy Projects / Office of the General Counsel
Discussions with State regulatory bodies on Commission policies and actions	Formal, effective interactions between FERC and state officials on policy issues	Office of External Affairs / Office of Markets, Tariffs and Rates / Office of the General Counsel
Support further discussions with Canada and Mexico	Formal interaction with Canadian and Mexican regulators on policy issues	Office of External Affairs / Office of Energy Projects / Office of Markets, Tariffs and Rates
Foster communication with States and Governors on infrastructure	Hold infrastructure conferences in each region	Office of External Affairs / Office of Energy Projects
Maintain liaison with market monitors in RTOs and ISOs	Meet at least twice annually with RTO and ISO market monitors	Office of Market Oversight and Investigations
Outreach to stakeholder groups to encourage use of conflict resolution mechanisms	Increase number of outreach opportunities with stakeholders by 25%	Dispute Resolution Service
Monitoring of manage-to-budget process	Bi-weekly tracking of office salary levels and quarterly review of salary levels between CFO and Office Directors	Office of Executive Director
Monitoring of business plan	< Clarity of fit between projects, activities, and objectives < Periodic monitoring of completions and adjustments to plan and related resources	Office of Executive Director
Timeliness of annual charges collections	Collect 98% of outstanding receivables within 45 days of billing	Office of Executive Director
Invoices paid by electronic funds transfer	98%	Office of Executive Director
Percentage of payments accomplished without error	98%	Office of Executive Director
Accuracy and completeness of annual financial statements	Unqualified opinion	Office of Executive Director
Percentage of contracts performance-based	100%	Office of Executive Director
Percentage of contracts advertised online	100%	Office of Executive Director