FEDERAL ENERGY REGULATORY COMMISSION

Agency Financial Report
Fiscal Year 2024

Chairman Willie Phillips

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

Letter from Chairman Phillips

I am pleased to present the Federal Energy Regulatory Commission (Commission) Agency Financial Report for fiscal year 2024. This report was prepared in accordance with the guidelines set forth in Office of Management and Budget Circular No. A-136.

The Commission’s mission is to assist consumers in obtaining reliable, safe, secure, and economically efficient energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts. This report illustrates how we manage our resources and highlights our major accomplishments in meeting our mission.

As outlined in the Management Assurances section of this report, the Commission has completed evaluations of its assessment of the effectiveness of internal control over operations, systems, and financial reporting. I am providing reasonable assurance that the Commission meets the objectives required by the Federal Managers' Financial Integrity Act and that our financial systems conform to government-wide standards. In addition, I can provide assurance that the performance information contained in this report is complete and reliable and describes the results achieved towards our goals.

Sincerely,

Willie L. Phillips
Chairman
Federal Energy Regulatory Commission
November 8, 2024

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STRATEGIC PLAN SUMMARY

(Unaudited)

Mission

Economically Efficient, Safe, Reliable, and Secure Energy for Consumers

Assist consumers in obtaining economically efficient, safe, reliable, and secure energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.

Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions.

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

Objective 1.1: Establish Commission rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

Objective 1.2: Increase compliance with FERC rules; detect and deter market manipulation.

Goal 2: Promote Safe, Reliable, and Secure Infrastructure.

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

Objective 2.1: Facilitate benefits to the nation through the review of natural gas and hydropower infrastructure proposals.

Objective 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

Goal 3: Mission Support through Organizational Excellence.

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

Objective 3.1: Manage resources effectively through an engaged workforce.

Objective 3.2: Facilitate public trust and understanding of Commission activities by promoting transparency, open communication, and a high standard of ethics.

MANAGEMENT's DISCUSSION AND ANALYSIS
(Unaudited)

Introduction **(Unaudited)**

In accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular No. A-136 and Section 230 of Circular No. A-11, this report presents the Federal Energy Regulatory Commission's (the Commission, FERC) fiscal years (FY) 2024 and 2023 audited annual financial statements and program performance report. The financial section includes the Commission's audited balance sheets, statements of net cost, changes in net position, budgetary resources, custodial activity, and notes to the financial statements. Additionally, this report includes an overview of the Commission, including its mission and organizational structure.

This Agency Financial Report (AFR) serves as a guide to the Commission's key initiatives and activities during FY 2024. Approximately 1,555 full time equivalents (FTEs) carried out the Commission's mission in FY 2024 using an appropriation of $520,000,000 that is 100% offset by collections at year-end. Approximately, 25 FTEs carried out the mission in FY 2024 utilizing Inflation Reduction Act funding that is not offset by collections and is available for the Commission to spend through FY 2031.

The Commission has chosen to produce an AFR and Annual Performance Report (APR). The Commission will include its FY 2024 Annual Performance Report with its Congressional Budget Justification and will post it on the Commission's web site at www.ferc.gov.

Organizational Structure **(Unaudited)**

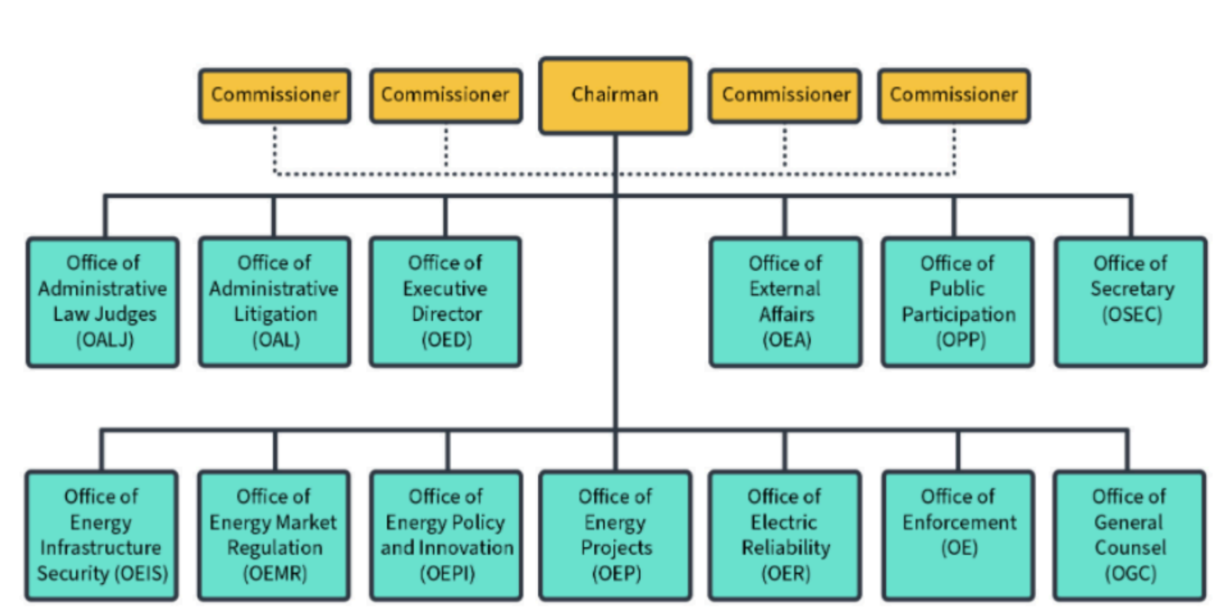
The Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

The Commission was created through the Department of Energy Organization Act on October 1, 1977. At that time, the Federal Power Commission (FPC), the Commission's predecessor that was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission.

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

In addition to the Chairman and four Commissioners, FERC is organized into 13 separate functional offices, each responsible for carrying out specific portions of the Commission's responsibilities. The offices work in close coordination to effectively carry out the Commission's statutory authority.

organizational chart is included below.



Full Cost Recovery **(Unaudited)**

In FY 2024, the Commission managed two types of appropriations. The first appropriation supports the Energy and Water Development and Related Agencies Appropriations Act, 2024. The Commission recovers and offsets this appropriation by recovering the full cost of its operations through annual charges and filing fees assessed on the industries it regulates as authorized by the Federal Power Act (FPA) and the Omnibus Budget Reconciliation Act of 1986. The Commission deposits this revenue into the Department of the Treasury (Treasury) as a direct offset to its appropriation, resulting in no net appropriations. The second appropriation supports the Inflation Reduction Act of 2022. The Commission is not required to recover costs incurred under the Inflation Reduction Act of 2022.

Program Performance Overview **(Unaudited)**

The United States has the world's most durable market economy, of which every sector depends vitally on energy. Within the energy realm, the Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries. The statutes and laws from which the Commission draws its authority are listed in Appendix A.

On March 31, 2022, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through FY 2026. The full Strategic Plan can be found at www.ferc.gov. As set forth in its Strategic Plan, FERC's mission is to assist consumers in obtaining reliable, safe, secure, and economically efficient energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts. Fulfilling this mission involves pursuing three primary goals: (1) ensure that rates, terms, and conditions of jurisdictional services are just, reasonable, and not unduly discriminatory or preferential; (2) promote infrastructure that is safe and reliable, both physically and cyber-secure, and consistent with the public interest; and (3) achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes, as well as proactive engagement and education, to strengthen public trust.

The Strategic Plan also identified and set forth plans to address six strategic priorities. Included below is the Commission's program performance overview which describes its annual accomplishments related to these strategic priorities relative to its strategic goals.

Goal 1: Ensure that rates, terms, and conditions of jurisdictional services are just, reasonable, and not unduly discriminatory or preferential.

The nation's security and economic prosperity depend on maintaining reliable, safe, secure, and economically efficient energy services at a reasonable cost for consumers. FERC's regulations ensure just and reasonable rates, terms, and conditions for jurisdictional services. In carrying out its regulatory role, FERC uses a range of ratemaking activities as well as market oversight and enforcement. FERC's jurisdiction includes the wholesale sale and transmission of electricity and natural gas in interstate commerce, the interconnection of new electric generation in interstate commerce, and the transportation of oil and other liquid fuels by pipeline in interstate commerce. FERC's ratemaking activities leverage both regulatory and market means and involve the issuance of orders and the establishment of rules and policies. Its enforcement activities include both increasing compliance and detecting and deterring market manipulation. Through these efforts, FERC ensures that consumers have access to the energy services they need, and that service providers are reasonably compensated.

Strategic Priority: Modernizing Electricity Market Design

Priority Overview

This priority concerns ensuring that wholesale electric markets maintain their ability to serve wholesale electric customers efficiently and reliably. Current market designs may not procure and compensate resources for providing the levels of operational flexibility needed to address changing system needs that are being driven by an evolving resource mix and changing load profiles. The Commission will work with stakeholders to explore the gaps in current electricity and capacity market designs and identify potential reforms to modernize them.

Annual Priority Results

In FY 2024, the Commission followed up on steps taken in FY 2023 to understand the challenges and changes in RTO/ISO system needs that are associated with the evolving resource mix and load profiles, and to identify reforms, if any, necessary to modernize these markets.

Based in part on September and October 2021 technical conferences and the post-technical conference comments, in April 2022, the Commission directed each jurisdictional RTO/ISO to submit information to the Commission related to their wholesale markets, describing: (1) current RTO/ISO system needs given changing resource mixes and load profiles; (2) how each RTO/ISO expects its system needs to change over the next five years and over the next 10 years; (3) whether and how each RTO/ISO plans to reform its energy and ancillary services markets to meet expected system needs over the next five years and over the next 10 years; and (4) information about any other reforms, including capacity market reforms and any other resource adequacy reforms, that would help each RTO/ISO meet changes in system needs. The RTO/ISO reports were filed in October 2022, and comments on those reports were filed in January 2023. In FY 2024, the Commission continued to review these reports and comments.

During FY 2024, the Commission also reviewed and approved several RTO/ISO proposals to reform their market rules to respond to changes in the resource mix and load profiles. For example, in January 2024, the Commission accepted PJM Interconnection, L.L.C.'s (PJM) proposed reforms to its resource adequacy risk modeling, capacity accreditation, and testing requirements for capacity resources. Also in January 2024, the Commission approved ISO New England Inc.'s proposal to establish a jointly optimized day-ahead market for energy and ancillary services. And in June 2024, the Commission accepted PJM's proposal to redesign its market for frequency regulation, an ancillary service that helps system operators to balance supply and demand in real-time operations. Finally, in June 2024, the Commission also accepted the Midcontinent Independent System Operator, Inc.'s (MISO's) proposal to implement a downward-sloping demand curve in its capacity market.

Strategic Priority: Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix

Priority Overview

This priority concerns the challenges associated with connecting new and diverse energy resources to the electric grid. A large amount of additional electric transmission infrastructure is needed to address these challenges and facilitate the participation of new resources in wholesale electricity markets efficiently, while maintaining the reliability of the electric grid. A more efficient, cost-effective, and reliable electric grid benefits all, including underserved communities that currently shoulder disparate energy burdens, which the transforming electric grid can help to relieve. The Commission will work with stakeholders to identify, assess, and implement a series of reforms that will facilitate the development of new electric transmission infrastructure needed to address the changing resource mix.

Annual Priority Results

In FY 2024, the Commission continued its efforts to facilitate the development of electricity infrastructure needed for the changing resource mix.

On May 13, 2024, the Commission issued Order No. 1920, a final rule addressing how transmission providers must conduct long-term planning for regional transmission facilities and determine how to pay for them. To comply with Order No. 1920, transmission providers must conduct and periodically update long-term regional transmission planning to anticipate future needs, consider a broad set of benefits when planning new transmission facilities, identify opportunities to modify in-kind replacements of existing transmission facilities to increase their transfer capability (known as "right-sizing"), and establish regional cost allocation methods under which customers pay only for transmission projects from which they benefit. Compliance filings as to most of the requirements of Order No. 1920 are due in June 2025, and compliance filing as to the interregional transmission coordination requirements are due in August 2025. Requests for rehearing of Order No. 1920 were filed in June 2024.

The Commission also took further actions related to interconnection reforms. On March 21, 2024, the Commission issued an order affirming, on rehearing, its findings in Order No. 2023. Order No. 2023 is a final rule issued in July 2023 that adopted reforms to ensure that resources can connect to the transmission system in a reliable, efficient, transparent, and timely manner. The rehearing order addressed the respective roles and responsibilities of transmission providers and interconnection customers in the interconnection process. It also clarified many topics ranging from public interconnection information and the cluster study process to withdrawal and study delay penalties, and the consideration of alternative transmission technologies. Compliance filings in response to Order No. 2023 and the rehearing order were due in May 2024. In FY 2024 the Commission also began its evaluation of the compliance filings, issuing a set of orders on compliance in September 2024.

On September 10-11, 2024, the Commission convened a staff-led workshop regarding Innovations and Efficiencies in Generator Interconnection. The purpose of this workshop was to provide a public forum for the presentation and discussion of opportunities for further innovation and increased efficiency in the generator interconnection process. Comments on the workshop were due in October 2024.

In August 2024, the Commission announced a November 1, 2024, technical conference to discuss generic issues related to the co-location of large loads at generating facilities.

In September 2024, the Commission issued a Notice of Petition for Rulemaking and Intent to Hold Tribal Consultation Meetings, inviting comments on a petition for rulemaking filed by the Alliance for Tribal Clean Energy to revise the pro forma generator interconnection procedures. The consultation meetings are scheduled for October/November 2024.

The Commission took additional steps in FY 2024 to facilitate the development of needed transmission infrastructure. For example, in FY 2024, the Commission continued to organize joint federal-state task force meetings on electric transmission, including the eighth such meeting in February 2024. On March 21, 2024, the Commission established a new Federal-State Current Issues Collaborative to build on nearly three years of successful transmission-related task force discussions. The new Collaborative, formed in conjunction with the National Association of Regulatory Utility Commissioners, will provide a venue for federal and state regulators to share perspectives, improve understanding and, where appropriate, identify potential solutions regarding challenges and coordination on matters that affect specific state and federal regulatory jurisdictions. The Collaborative will convene its first meeting in Fall 2024; it will expire in the fall of 2027.

In December 2022, the Commission held a two-day workshop on establishing interregional transfer capability transmission planning and cost allocation requirements. A notice requesting post-workshop comments was issued in February 2023, with initial comments due in May 2023 and reply comments due in June 2023. In FY 2024, the Commission continued to consider and analyze the record developed after the workshop.

Strategic Priority: Promoting a Strong and Robust Enforcement Program

Priority Overview

This priority concerns the need for a rigorous and robust enforcement program to meet new compliance challenges resulting from the increasing complexity in energy markets. Vigilant monitoring and strong oversight, combined with timely actions against manipulative activity, are necessary to stay ahead of the new compliance challenges and effectively detect and deter market manipulation and anticompetitive conduct that threatens the integrity of energy markets. The Commission will address this priority through an integrated set of initiatives designed to develop stronger enforcement tools and resources that enable FERC to detect, deter, and pursue violations more effectively.

Annual Priority Results

Through the Commission's efforts, staff will gain access to additional information that supports its analytical work. In FY 2024, the Commission continued to support filers with the transition to a new format for filing FERC forms based on extensible Business Reporting Language (XBRL). The use of XBRL is designed to provide filers and the Commission with a more easily accessible data system, while also increasing data accuracy through a robust set of rules and validations.

In addition, in FY 2024 the Commission issued a NOPR, proposing various changes to EQR filing requirements. The proposed changes are designed to update the data collection, improve data quality, increase market transparency, decrease costs, and streamline compliance with future filing requirements. Since issuance of the NOPR, the Commission has received comments and is reviewing them.

Commission staff continues to prioritize the use of new technology to enhance its surveillance work. The Commission's data governance organization is actively building out FERC's data analytics platform in a cloud environment to orchestrate shared data services, data technologies, and dashboards across the Commission. In FY 2024, the Commission continued its efforts to migrate several on-premises gas surveillance workloads into the cloud. The Commission also continued to rebuild power surveillance data marts to be more compatible with cloud-native technologies. Finally, the Commission began utilizing its contractor support to augment staff cloud migration efforts, including creating and implementing a migration plan, providing training on cloud technologies, and developing data marts to drive analytics.

In addition to these efforts, in FY 2024, the Commission continued to detect, deter, and pursue sanctions for violations specific to the Commission's Duty of Candor rule, 18 C.F.R. § 35.41(b). Twelve of the Commission's investigations included potential misrepresentations prohibited by the Duty of Candor rule. This represented roughly 40 percent of investigations opened in FY 2024. The Commission also approved four settlements that involved violations of the Duty of Candor rule.

The Commission also continued analyzing comments received in response to a NOPR it issued in FY 2022 that proposes to strengthen and broaden its Duty of Candor Rule to require that all entities communicating with the Commission or other specified organizations related to a matter subject to the jurisdiction of the Commission submit accurate and factual information and not submit false or misleading information or omit material information. The proposed regulation aims to strengthen the Commission's ability to require accurate and truthful communications with the Commission, Commission staff, and other organizations that the Commission relies on to assist in carrying out its regulatory responsibilities.

Finally, the Commission continued to pursue appropriate penalties in its enforcement proceedings through consideration of (1) factors required by statute (seriousness of violations and the efforts to remedy them in a timely manner); (2) the Commission's Penalty Guidelines; and (3) factors listed in the Commission's Revised Policy Statement on Enforcement.

Goal 2: Promote infrastructure that is safe and reliable, both physically and cyber-secure, and consistent with the public interest.

Infrastructure for which FERC approval is required includes interstate natural gas pipelines and storage projects, LNG facilities, and non-federal hydropower that are found to be in the public interest. In addition, the Commission has authority to site electric transmission facilities in certain circumstances. Ensuring the development of safe, reliable, and secure infrastructure that provides energy for consumers at a reasonable cost is a significant, multifaceted challenge. FERC's role as an independent regulatory agency includes the review of infrastructure projects balancing the benefits of the proposed project against its adverse impacts, including environmental concerns, as well as impacts to landowners and communities. Additionally, FERC considers the minimization of risks to the public in the operation of the infrastructure. To promote safe, reliable, and secure infrastructure, FERC must ensure the sustainability and safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle; oversee the development and review of, as well as compliance with, mandatory reliability and security standards for the Bulk-Power System; and help to secure the Bulk-Power System from cyber and physical attacks.

Strategic Priority: Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects

Priority Overview

This priority speaks to the increasing threats to the nation's energy infrastructure due to climate change as well as growing concerns of adverse impacts to communities with environmental justice concerns. It also responds to recent Executive Orders that have conveyed a renewed federal commitment to considering the greenhouse gas emission impacts of federal permitting decisions and to addressing equity and environmental justice implications of agency actions related to underserved communities and communities with environmental justice concerns. The Commission will address this priority through an integrated set of initiatives designed to balance economic, environmental, and equity factors. Additionally, this priority addresses the Commission's commitment to ensure that licensees of hydropower projects maintain compliance with the terms of their license authorizations, including dam safety obligations; therefore, in consultation with the hydroelectric industry and stakeholders, the Commission will consider incorporating financial assurance requirements in the context of licenses and other hydroelectric authorizations.

Annual Priority Results

In FY 2024, the Commission continued its consideration of 150 stakeholder comments solicited through a draft Updated Certificate Policy Statement, which described how the Commission may evaluate all factors bearing on the public interest in determining whether a new interstate natural gas transmission project is required by the public convenience and necessity. Specifically, the Commission reviewed comments on how the Commission may consider four major interests that may be adversely affected by the construction and operation of proposed projects: (1) the interests of the applicant's existing customers; (2) the interests of existing pipelines and their captive customers; (3) environmental interests; and (4) the interests of landowners and surrounding communities, including communities with environmental justice concerns. In light of these comments, the Commission will evaluate whether changes to the draft policy statement should be made before issuing a final policy statement.

In FY 2024, the Commission continued its consideration of 164 stakeholder comments solicited through a draft GHG Policy Statement, which outlined the process for quantifying a proposed project's GHG emissions under the NEPA to determine whether a project's emissions are significant. Namely, the comments addressed the type of information that would assist the Commission in developing the best estimate of a project's GHG emissions, whether the upstream or downstream GHG emissions are reasonably foreseeable project impacts, and whether project sponsors should propose measures to mitigate the direct GHG emissions of their proposed projects to the extent these emissions have a significant adverse environmental impact. In light of these comments, the Commission will evaluate whether changes to the draft policy statement should be made before issuing a final policy statement.

Identifying and addressing impacts to communities with environmental justice concerns associated with natural gas pipeline and hydroelectric infrastructure siting and certification/ licensing were focus areas highlighted by the Commission's 2024 Equity Action Plan. In FY 2024, the Commission continued to consider potential impacts to communities with environmental justice concerns related to energy infrastructure projects as a component of its NEPA review process and identified and analyzed such impacts in individual environmental review documents and relevant authorization orders. In FY 2024, the Commission reviewed 37 stakeholder comments and motions solicited through the March 2023 Commissioner-led Roundtable on how best to integrate environmental justice principles and meaningful engagement with communities with environmental justice concerns into its permitting proceedings for both natural gas infrastructure and hydropower projects.

Also in FY 2024, the Commission continued to consider industry and stakeholder comments solicited in response to a Commission-held technical conference to determine whether the Commission should require additional financial assurance mechanisms in licenses and other hydroelectric project authorizations to ensure that licensees can safely maintain their projects and carry out the Commission's license requirements.

Strategic Priority: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Priority Overview

This priority concerns the emerging threats to electric infrastructure from extreme weather events, climate change, and cyberattacks. The Commission will address this priority through an integrated set of targeted actions designed to mitigate or avoid the adverse effects of widespread and extended power outages caused by these threats.

Annual Priority Results

In November 2023, the Commission, NERC, and NERC's Regional Entities completed a joint inquiry into the operations of the Bulk-Power System during the extreme winter weather conditions that occurred during Winter Storm Elliott, which contributed to power outages and rolling blackouts affecting millions of electricity customers across the country. The joint inquiry team worked with other federal agencies, states, and utilities to identify problems with the performance of the Bulk-Power System and, where appropriate, recommended solutions for addressing those issues.

In December 2023, the Commission completed a joint study with NERC and its Regional Entities on black start and next-start resource availability in Texas during extreme cold weather. This study was recommended by the 2021 Winter Storm Uri inquiry report to address the concern that, had a total blackout of the system occurred, the unavailability of black start and next-start resources would have hampered the Electric Reliability Council of Texas' ability to promptly restore the system. The report identifies numerous recommendations and beneficial practices, including echoing a recommendation from the Winter Storm Elliott inquiry report to conduct similar black start studies in the Eastern and Western Interconnection, which NERC announced in July 2024.

In April 2024, the Commission completed a joint review with NERC and its Regional Entities on Winter Storms Gerri and Heather, focusing on natural gas performance, electric system planning and operations, and generator performance during the extreme cold weather conditions January 10-17, 2024, affecting a large portion of the U.S. The review found that both natural gas and electric industries largely operated without major incident, emphasizing the benefits of prior recommendations to improve extreme cold weather performance and the need for vigilance in continuing to implement the recommendations from previous inquiry reports.

In addition, in October 2023, the Commission issued Order No. 901, a final rule directing NERC to develop reliability standards for inverter-based resources that cover data sharing, model validation, planning and operational studies, and performance requirements. The order recognizes the reliability impact of an anticipated addition of 860 gigawatts of inverter-based resources over the next decade on the reliable operation of the Bulk-Power System. Because the Bulk-Power System generation fleet was historically composed almost exclusively of synchronous generating resources, such as hydropower, nuclear, coal, or natural gas fired resources, the current Commission-approved reliability standards were developed with synchronous generation in mind. The order requires NERC to file new or revised reliability standards in three batches, due in November 2024, 2025, and 2026, and all to become effective by 2030.

In June 2024, the Commission approved NERC's revisions to its rules of procedure outlining how it will identify and register owners and operators of Bulk-Power System-connected inverter-based resources that are not currently required to register with NERC but that in the aggregate have a material impact on the reliable operation of the Bulk-Power System. Once registered, these inverter-based resources would be required to comply with relevant mandatory reliability standards.

Pursuant to Order No. 897, transmission providers in October 2023 filed informational reports describing their current or planned policies and processes for conducting extreme weather vulnerability assessments; no comments were filed on the reports. The Commission continued consideration of next steps regarding these reports.

In January 2024, in response to Order No. 887, NERC filed a study to guide future implementation of internal network security monitoring or other mitigation strategies for systems that would not otherwise be protected by the directives in the final rule. In June 2024, NERC filed a petition with the Commission to approve new Reliability Standard CIP-015-1 (Internal Network Security Monitoring) requiring internal network security monitoring for network traffic inside an Electronic Security Perimeter for high and medium impact assets with external routable connectivity. In September 2024, the Commission issued a

NOPR that proposes to approve Reliability Standard CIP-015-1 and also proposes to direct NERC to develop modifications to the standard to extend those protections to additional assets.

Also in September 2024, the Commission issued a NOPR that proposes to direct NERC to develop new or modified supply chain risk management Reliability Standards to address the increasing risk associated with the global supply chain.

In February 2023, the Commission approved two new extreme cold weather reliability standards, EOP-011-3 (Emergency Operations) and EOP-012-1 (Extreme Cold Weather Preparedness and Operations) aimed at implementing key recommendations from the joint Commission-NERC inquiry into 2021's Winter Storm Uri with the goal of preventing a recurrence of the unprecedented power outages affecting millions of people in Texas and the South-Central U.S during February 2021. The reliability standards contain new and revised requirements to advance reliability of the grid during extreme cold weather temperatures including implementation of generator freeze protection measures, enhanced cold weather preparedness plans, identification of freeze-sensitive equipment in generators, corrective actions for when equipment freezes, annual training for generator maintenance and operations personnel, and procedures to improve the coordination of load reduction measures during a grid emergency. The Commission also directed NERC to (1) modify the extreme cold weather preparedness and operations reliability standard, EOP-012-1, to address concerns related to applicability, ambiguity in requirements, a lack of objective measures and deadlines, and prolonged, indefinite compliance periods; and (2) collect and assess data over time to monitor and assess entities' implementation of the new requirements. In February 2024 NERC filed, and in June 2024, the Commission approved reliability standard EOP-012-2 (Extreme Cold Weather Preparedness and Operations) and directed NERC to develop and submit modifications to (1) resolve remaining ambiguities, (2) receive and evaluate generator constraint declarations, (3) shorten and clarify corrective action implementation timelines, (4) pre-approve any generator-proposed extensions of corrective action implementation timelines, and (5) implement more frequent reviews of generator constraint declarations. The Commission directed NERC to file the modified standard by March 2025.

The Commission continued to conduct its own audits of compliance with the cybersecurity reliability standards, completing four total audits and commencing four new audits. The Commission identified 44 instances of potential noncompliance of CIP reliability standards that it has referred to NERC for processing and 27 other risks identified, the mitigation of which the Commission will track internally. The Commission used information gained while conducting cybersecurity reliability standards audits as a basis for the Commission to make recommendations to audited utilities regarding cybersecurity best practices. These recommendations were shared with the industry in the annual lessons learned staff report issued in August 2024.

In FY 2024, the Commission monitored inspections conducted by NERC's Regional Entities of three generating stations with respect to cold weather preparedness. These inspections evaluated generators' ability to meet the requirements of two reliability standards, EOP-011-3 (Emergency Operations) and EOP-012-1 (Extreme Cold Weather Preparedness and Operations), which together have the purpose of preventing power outages during extreme cold weather.

During FY 2024, Commission staff also continued to provide information at a wide variety of venues to industry, states and Federal partners on cyber and physical security best practices, new and significant vulnerabilities and threats to critical infrastructure, and response measures through presentations, speeches, resource materials, alerts and classified analytic exchanges. Commission staff facilitated an Analytic Exchange for executives of the RTOs and ISOs, in partnership with DHS Cybersecurity and

Infrastructure Security Agency, to provide awareness of current energy infrastructure threats. The exchange included a classified briefing followed by a working session to discuss strategies to mitigate those threats.

In FY 2024, Commission staff continued to assist the Transportation Security Administration in its efforts to better protect natural gas infrastructure. For example, Commission staff provided input for the proposed rule on enhancing surface cyber risk management. The Transportation Security Administration is proposing to impose cyber risk management requirements on certain pipeline and rail owner/operators to report cybersecurity incidents.

Commission staff also continued to coordinate with NERC and its Electricity Information Sharing and Analysis Center to initiate, develop, and review NERC Alerts. In FY 2024, NERC issued two Level II Alerts (NERC has three levels of Alerts. Level II Alerts recommend specific actions to the electric industry and, while compliance is not mandatory, entities must submit a response to NERC). The first alert was issued in April 2024 and notified the industry of an emerging risk where the usage of 6GHz band of radio spectrum was available to unlicensed users. Subsequently, in June 2024, NERC issued an Alert titled, "Inverter-Based Resource Model Quality Deficiencies," to draw attention to how poor modeling and study practices have impacted the assessment of inverter-based resources performance.

Commission staff continued to update and distribute an incident response checklist to stakeholders; this checklist was designed to support a public utility commission, with oversight of utilities within a state, in response to a cyber incident. Staff also updated and distributed to stakeholders a checklist related to security evaluations at utilities. State Commissions can use these checklists to help them evaluate the strength of a regulated public utility's cybersecurity program, for both informational and operational technology systems.

Commission staff assisted the North American Transmission Forum to conduct an annual review of the Energy Sector Supply Chain Risk Management Questionnaire and Criteria documents. The North American Transmission Forum designed the questionnaire to provide utilities with a tool to evaluate the security posture of a supplier or vendor. The questionnaire complements the North American Transmission Forum criteria document, which was developed in alignment with industry frameworks, guidelines, and standards.

Additionally, Commission staff supported its federal partners with addressing the potential impacts of Artificial Intelligence (AI). Specifically, through its continued participation in DHS's Information and Communications Technology Supply Chain Risk Management (ICT SCRM) Task Force, Commission staff supported the ICT SCRM Artificial Intelligence Working Group with updating the Threat Scenarios Report. The objective of the Threat Scenarios Report is to provide practical, example-based guidance on supply chain risk management threat analysis and evaluation. Acquisition professionals in government and industry can use this guidance during procurement or source selection to assess supply chain risks and develop practices/procedures to manage the potential impact of these threats. Further work on AI was performed by Commission staff who assisted DOE Cybersecurity, Energy Security, and Emergency Response with the review of their draft report developed under Executive Order No. 14410, Safe, Secure, and Trustworthy Development & Use of Artificial Intelligence, which described potential benefits and risks to using artificial intelligence in critical energy infrastructure.

In FY 2024, Commission staff also assisted the Federal Senior Leadership Council with their development of the Sector-Specific Risk Management Plan template. This template is designed for Sector Risk Management

Agencies to develop their plans, while enabling them to tailor their plans to reflect the unique needs of their critical infrastructure sectors.

Finally, Commission staff conducted voluntary and collaborative hybrid cybersecurity architecture assessments with owners and operators of FERC-jurisdictional entities, focusing on information technology (IT) as well as operational technology (OT) infrastructure. These hybrid assessments started with a four-hour virtual engagement session with entity personnel and continued with a two-day onsite visit to further engage with personnel, with staff performing a deep dive into IT and OT infrastructure architecture. These assessments leverage Commission knowledge of the energy sector threat landscape, focusing on vulnerabilities that impact operational control systems – particularly at interfaces between generation, transmission, and distribution. The assessments allow greater insight into the gap between industry cybersecurity practices and the adoption of recommended best practices.

Goal 3: Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes, as well as proactive engagement and education, to strengthen public trust.

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

Strategic Priority: Improving Accessibility and Participation in Proceedings

Priority Overview

This priority concerns the increased interest and desire to participate in Commission proceedings and the growing need for assistance to ensure an opportunity and ability to access and participate in Commission proceedings. The Commission will address this priority through an integrated set of initiatives designed to educate and support accessibility of and participation in Commission proceedings.

Annual Priority Results

The transformation of the nation's energy landscape has shone a brighter spotlight on the Commission. This change has required FERC to improve the sophistication and reach of its public engagement program by coordinating outreach efforts, education, and procedural assistance to multiple audiences, including new audiences for the Commission's messages on several fronts, using a variety of tools and platforms.

In FY 2024, the Office of Public Participation focused its work on reaching its core constituencies of communities with environmental justice concerns, landowners impacted by infrastructure proposals, citizens of Tribal Nations, and consumer/environmental/community-based organizations. The Office expanded its constituent services, outreach, and education initiatives, including by developing educational materials. To reach a wider audience with consistent messaging and educational materials, the Office also took action to enhance its presence on social media (X, formerly known as Twitter; Facebook; Instagram; and LinkedIn). In coordination with other FERC offices, the Office worked to improve opportunities for public input in proceedings of major interest to constituents through expanded, locally focused outreach.

The Office led its first Community Connection Event in Southwest Louisiana (Sulphur and Lake Charles) where staff Office staff and other FERC staff explained the Commission's environmental justice and air quality analyses to 70 community leaders and interested parties. Similarly, the Office coordinated two full panel discussions at the National Environmental Justice Conference, including a session on regional electricity markets, how they function and why they matter for communities.

In FY 2024, the Office of Public Participation developed several multimedia educational products on topics of broad applicability. The Office published on its website and FERC's YouTube channel two workshop videos on: Fundamentals of Intervening in FERC matters; and How to Search the Commission's electronic library (eLibrary). Over 250 viewers explored the WorkshOPP on interventions in the first 7 months after its release, and over 1,400 viewers benefitted from viewing the WorkshOPP on eLibrary in the first month after its release. The Office also published on its website educational materials on rulemakings to assist the public with understanding FERC's rulemaking processes, including how to participate at each stage of the process. For the videos and other educational materials, the Office provided Spanish captioning, Spanish transcription, and Spanish translations. In FY 2024, the Office also distributed over 8 educational materials, referred to as Explainers, on rulemakings, including introductory participation guides to an RTO/ISO, Energy Markets Basics, as well as on Western Energy Market Expansion. The Office also periodically released educational content on its social media channels consisting of multiple explanatory slides and graphics on topics such as "What is FERC?", FERC's jurisdiction in electric matters, how to engage with FERC using its electronic filing tools, and energy related terms.

In FY 2024, the Commission continued including Tribal governments in outreach efforts by sending relevant notices of Commission actions to federally recognized Tribes. Commission staff continued building out the first dedicated landing page for the Commission's Tribal consultation program, which houses contact information and documents relevant to Tribal engagement and consultation. Commission staff held a dedicated webinar for Tribal leaders and their staff on two final rules and participated in the Tribal Energy Equity Summit.

The Commission improved its public engagement program with coordinated outreach efforts, the development of educational resources, and by enhancing its streamlined electronic platform for the filing of comments, known as "eComment." The eComment enhancements facilitate the filing of comments in proceedings of general applicability such as rulemakings, along with some additional functionality.

In FY 2024 the Office of Public Participation provided procedural assistance in response to approximately 350 constituent inquiries received by telephone and email communications. Constituent requests for assistance included inquiries regarding the full range of FERC jurisdictional matters, including but not limited to natural gas infrastructure, electric markets, hydropower licensing, and LNG facilities. Additionally, in FY 2024, the Office of Public Participation conducted or attended approximately 140 meetings and events with members of its core constituencies to introduce them to the Commission's processes and the services provided by the Office of Public Participation, listen to their concerns and priorities for participation in FERC proceedings, and describe how to make filings in FERC proceedings as well as how to track Commission decisions and notices and the filings of others.

In FY 2024, the Office of Public Participation conducted outreach specific to infrastructure and electric market proceedings of greatest interest to the public. The Office offered expanded, in-depth localized outreach consisting of in-person participation in applicant open houses or FERC sponsored scoping meetings, mailing of notices for at least seven energy infrastructure proceedings and three electric energy market proceedings and hundreds of social media alerts regarding comment opportunities in proceedings.

The Office also provided outreach regarding the petition for rulemaking filed by Alliance for Tribal Clean Energy (Petition). The Office created a website about the Petition and posted relevant resources for stakeholders new to FERC.

The Office utilized its constituent email list-serve, as well as social media such as X (formerly known as Twitter), Facebook, Instagram, and LinkedIn to communicate with followers.

Finally, Commission staff continued to review and evaluate feedback received from public input regarding public participation and reviewed potential frameworks for intervenor funding.

Financial Performance Overview **(Unaudited)**

As of September 30, 2024, the Commission had sufficient funds to meet program needs and adequate controls in place to ensure Commission obligations did not exceed budget authority. The Commission prepared its financial statements in accordance with the accounting standards codified in the Statements of Federal Financial Accounting Standards and OMB Circular No. A-136, Financial Reporting Requirements.

Sources of Funds. The Commission is financed from both appropriated funds and offsetting collections. The Commission initially received the Energy and Water Development and Related Agencies Appropriations Act, 2024 appropriation, which was used to fund its operating and capital expenditures. Throughout the year, the Commission collected monies through annual charges and filing fees and returned the appropriated amount to the Treasury by year-end, resulting in a net zero appropriation. The offsetting collections serve as the financing source for any unexpended appropriations at year-end. Consistent with the requirements of the Omnibus Budget Reconciliation Act of 1986, as amended, the Commission collected fees to offset 100% of its direct budget authority in FY 2024. Additionally, the Commission received the Inflation Reduction Act (IRA) of 2022 appropriation.

The Commission received an appropriation for FY 2024 in the amount of $520.0 million. The Commission also utilized a portion of the $100.0 million IRA funds received in FY 2022. Additional funds available to obligate in FY 2024 totaled $175.2 million consisting of $168.0 million from prior-year unobligated appropriations and $7.2 million of prior-year obligations that were subsequently de-obligated in the current year. Separately, the Commission pays states the fees collected for the occupancy and use of public lands. The Commission's payment to states budget authority for FY 2024 was $3.8 million, which included a $0.2 million sequestered amount that was identified as temporarily unavailable. The sum of all operating funds available to obligate in FY 2024 was $699.0 million.

Costs by Function. The Commission incurred total costs of $553.8 million in FY 2024, consisting of $549.1 million direct appropriated costs, and $4.7 million IRA costs which was a total increase of $62.6 million from FY 2023. Approximately 65 percent of costs were used for salaries and benefits. The remaining 35 percent was used to obtain technical assistance for the Commission's principal regulatory programs, to cover operating expenses, staff travel, and reimbursable work. For FY 2024, salaries and benefits increased by $32.4 million as compared to FY 2023 with the net effect on the other cost categories of an increase of $30.2 million.

Costs by Function (millions)

Costs by Function	FY 2024	FY 2023
Salaries and Benefits	$ 359.8	$ 327.4
Travel/Transportation	4.2	3.3
Rent/Communication/Utilities	32.9	32.2
Contract Support	121.5	93.2
Printing/Supplies/Other	35.4	35.1
Total costs	**$ 553.8**	**$ 491.2**

Audit Results. The Commission received an unmodified audit opinion on its FY 2024 financial statements. This was the 31st consecutive year that the Commission has received an unmodified opinion. For FY 2024, no material weaknesses or significant deficiencies in internal control over financial reporting were identified by the audit.

Financial Statement Highlights. The Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements and footnotes appear in the financial section of this report.

Analysis of the Balance Sheet

The Commission's assets were approximately $384.2 million and $366.7 million as of September 30, 2024 and 2023, respectively. FY 2024 assets increased by $17.5 million as compared to September 30, 2023. The assets reported in the Commission's Balance Sheet are summarized in the Asset Summary table below.

Assets Summary (millions)

Assets	FY 2024	FY 2023
Fund Balance with Treasury	$ 286.3	$ 295.4
Accounts Receivable, net	2.1	5.9
Unbilled Revenue Receivable	35.3	6.1
Advances and Prepayments	3.8	0.7
Property and Equipment, net	56.7	58.6
Total Assets	**$ 384.2**	**$ 366.7**

The Fund Balance with Treasury represents the Commission's largest asset of $286.3 million as of September 30, 2024, which is a decrease of $9.1 million over the FY 2023 balance. This decrease is primarily due to a $13.6 million higher payments made related to suspense, a $4.6 million higher payments made related to IRA and a $9.1 million lower payments made of other available operating resources as of year-end.

The Accounts Receivable, net and Unbilled Revenue Receivable have a balance of $37.4 million as of September 30, 2024. This balance represents the outstanding amounts due from annual charges, civil penalties or other penalties issued by the Commission to entities under its regulation and is net of allowance for estimated uncollectible amounts. Approximately $1.9 million of the net accounts receivable balance is represented by agreed upon civil penalty cases. The $3.8 million net decrease in net receivables is due to lower annual charges at the end of FY 2024. The $29.2 million increase in unbilled receivables is due to costs exceeding billings, resulting in additional billings for FY 2025.

The Property and Equipment, net was $56.7 million as of September 30, 2024, a decrease of $1.9 million compared to FY 2023. The balance is comprised of the net value of the Commission's equipment, furniture, leasehold improvements, computer hardware and software and construction in process. The decrease resulted from normal depreciation of capitalized assets offset with a purchase of furniture.

The Commission's liabilities were $75.8 million and $80.0 million as of September 30, 2024 and 2023, respectively.

Liabilities Summary (millions)

Liabilities	FY 2024	FY 2023
Accounts Payable	$ 30.1	$ 19.6
Employer Contributions & Payroll Taxes	1.7	1.4
Resources Transferable to Treasury and Other Federal Entities	1.9	5.7
Federal Employee and Veteran Benefits Payable	29.6	27.5
Pension Benefits Payable	3.3	2.9
Other Liabilities	9.2	22.9
Total Liabilities	**$ 75.8**	**$ 80.0**

The Liabilities Summary table shows a decrease in total liabilities of $4.1 million from September 30, 2023. FY 2024 total liabilities included an increase of $10.5 million in Accounts Payable due to normal fluctuations, a decrease of $3.8 million in Resources Transferable to Treasury and Other Federal entities, and a decrease of $13.7 million in Other Liabilities with Related Budgetary Obligations. It also consists of a $2.1 increase in Federal Employee and Veteran Benefits Payable. The difference between total assets and total liabilities is the Net Position.

Analysis of Statement of Changes in Net Position

The Commission's net position was $308.3 million and $286.7 million at September 30, 2024 and 2023, respectively.

Net Position Summary (millions)

Position	FY 2024	FY 2023
Unexpended Appropriations	$ 94.1	$ 98.8
Cumulative Results of Operations	214.2	187.9
Total Net Position	**$ 308.3**	**$ 286.7**

The Statement of Changes in Net Position reports the change in net position during the reporting period. Net Position is affected by changes in the Commission's Unexpended Appropriations which decreased by $4.7 million, and Cumulative Results of Operations which increased by $26.3 million. The increase in Cumulative Results of Operations is primarily related to the Commission financing more of its operations using its offsetting collections as compared to the prior year.

Analysis of the Statement of Net Cost

The Statement of Net Cost presents the net cost of the Commission's three strategic goals as identified in the Commission's Strategic Plan. The purpose of the statement is to show separately the components of the net cost of operations that can be linked to the costs of program performance under the Government Performance and Results Act of 1993 (GPRA).

The Commission's net cost by strategic goal for FY 2024 and FY 2023 was $4.7 million and $1.2 million, respectively. The Commission is a full cost recovery agency and recovers all costs associated with the appropriation received from the Energy and Water Development and Related Agencies Appropriations Act, 2024 through allocated annual charges and filing fees to the entities that it regulates. Overall, FY 2024 costs increased by approximately $62.6 million over FY 2023 costs, of which $3.6 million related to IRA costs not required to be recovered. This increase was due to additional costs incurred of $26.4 million within the Just and Reasonable Rates goal, $23.5 million within the infrastructure strategic goal, and $12.7 million within the Mission Support goal as compared to FY 2023.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources shows the sources of budgetary resources available and the status at the end of the period. It represents the relationship between budget authority and budget outlays and reconciles total obligations to total outlays. For FY 2024, the Commission had budgetary resources available of $699.0 million, the majority of which was derived from offsetting collections. This represents an increase of $31.1 million over FY 2023 budgetary resources available of $667.9 million. The FY 2024 increase in the Commission's budgetary resources was primarily the result of higher spending authority and carryover authority in FY 2024 compared to FY 2023. The status of budgetary resources includes obligations incurred of $544.5 million or 78 percent of funds available. Similarly, FY 2023 obligations incurred were $497.5 million, or 75 percent of funds available. The unobligated budget authority available at September 30, 2024 was $154.5 million, which is a decrease of $15.9 million over the FY 2023 amount of $170.4 million mainly due to the increase in funding received in FY 2024 that has not been obligated.

Total net outlays for FY 2024 were $39.2 million, which represents a $15.3 million decrease over FY 2023 net outlays of $54.5 million. The decrease from last year is due to a $27.1 million decrease in net outlays primarily due to a lower unobligated ending balance and $11.8 million higher distributed offsetting receipts in FY 2024 as compared to FY 2023.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity displays the total Custodial Revenue and Disposition of Collections related to that revenue activity. This statement ensures that revenue billed and collected by the Commission on behalf of other federal agencies will not be reported twice as revenue on the Consolidated government's Statement of Net Cost. The Commission reported $62.3 million in custodial revenue in FY 2024, which represents a $1.0 million decrease over FY 2023 of $63.3 million. The decrease is due to a net decrease in civil penalties and annual charges as compared to FY 2023.

Systems, Controls and Legal Compliance (Unaudited)

This section provides information on the Commission's compliance with the:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Prompt Payment Act; and
- Debt Collection Improvement Act of 1996

Management Assurances

During Fiscal Year 2024, the Commission focused its efforts on assisting consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In fulfilling this mission, the Commission has pursued three primary goals. First, we have worked diligently to ensure that rates, terms, and conditions for jurisdictional services, including wholesale sales and transmission of electric energy and natural gas, are just, reasonable, and not unduly discriminatory or preferential. Second, we continue to promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest. Third, we are achieving organizational excellence by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. We are progressing in each of these areas while we continue to improve our capabilities to meet the challenges of the energy issues confronting our nation.

To accomplish our goals, we must manage our resources efficiently and integrate our budget, performance measures, and management controls to improve performance and accountability. The Commission's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the FMFIA. Our internal control program is helping us meet these responsibilities by monitoring our financial, human capital and information resources to safeguard our assets, improve the integrity of our reporting, and use our resources more effectively in reaching our goals. Problems that impede our progress or our ability to safeguard our assets continue to be brought to the attention of management and are addressed appropriately.

The Commission conducted its assessment of risk and internal control in accordance with the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. In accordance with OMB Circular A-123, we evaluated the effectiveness and efficiency of our internal controls over operations, reporting and compliance. Based on the results of our evaluations, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls as of September 30, 2024.

Furthermore, FFMIA requires agencies to implement and maintain financial management systems that are substantially in compliance with federal financial management system requirements, federal accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level. The results of related reviews did not disclose any material weaknesses and found the Commission to be in substantial compliance with FFMIA.

Willie Phillips
Chairman
Federal Energy Regulatory Commission
November 2024

Federal Managers' Financial Integrity Act of 1982

The FMFIA mandates that agencies establish controls that reasonably ensure that: (i) obligations and costs comply with applicable laws; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses program, operational, and administrative areas as well as accounting and financial management. The Integrity Act requires the Chairman to provide an annual assurance statement on the adequacy of management controls and conformance of financial systems with Government wide standards.

Management Control Review Program

Annually, managers throughout the Commission are responsible for ensuring that effective controls are implemented in their areas of responsibilities. Each office director and regional administrator prepared an annual assurance statement that identified any control weaknesses that required the attention of the Chairman. These statements were based on various sources and included:

- Management knowledge gained from the daily operation of agency programs and reviews.
- Management reviews.
- Annual performance plans; and
- Inspector General and Government Accountability Office reports.

The Commission's ongoing management control program requires, among other things, that management control deficiencies be integrated into office action plans. The action plan process has provisions for periodic updates and attention from senior managers. The management control information in these plans, combined with the individual assurance statements discussed previously, provides the framework for monitoring and improving the agency's management controls on an ongoing basis.

FY 2024 FMFIA Results

The Commission evaluated its management control systems for the fiscal year ending September 30, 2024. This evaluation provided reasonable assurance that the Commission's management controls achieved their intended objectives. As a result, management concluded that the Commission did not have any material weaknesses in its programmatic or administrative activities.

FY 2024 OMB Circular No. A-123, Appendix A

The Commission evaluated its internal controls over reporting for the fiscal year ending September 30, 2024. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

Federal Financial Management Improvement Act of 1996

The FFMIA requires each agency to implement and maintain systems that comply substantially with: (i) FFMIA system requirements, (ii) applicable Federal accounting standards, and (iii) the USSGL at the transaction level. The FFMIA requires the Chairman to determine whether the agency's financial management systems comply with the FFMIA and to develop remediation plans for systems that do not comply.

FY 2024 FFMIA Results

As of September 30, 2024, the Commission evaluated its financial management system to determine if it complied with applicable Federal requirements and accounting standards required by FFMIA. We found that the Commission's financial management system was in substantial compliance with the Federal financial management system requirements, applicable Federal accounting standards and the USSGL at the transaction level. In making this determination, we undertook financial reporting tests of the system and reviewed entries at the transaction level and determined compliance with Federal requirements and accounting standards required by FFMIA.

Prompt Payment Act

The Prompt Payment Act requires Federal agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. As of September 30, 2024, the Commission made 97.3 percent of its payments, that were subject to the Prompt Payment Act, on-time. The Commission incurred $7,150 in interest penalties in FY 2024 and $1,547 in FY 2023. The agency made 100 percent of its vendor payments electronically in FY 2024.

Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the Federal Government to service and collect debts. The agency goal is to maintain the delinquent debt owed to the Commission at year-end at less than two percent of its current annual billings. As of September 30, 2024, delinquent debt was approximately $0.1 million which is approximately three-thousandths of a percent of its current annual billings. The Commission continues to aggressively pursue the collection of delinquent debt and continues to meet the requirement that all eligible delinquent debt over 120 days is referred to the U.S. Treasury for collection.

Possible Future Effects of Existing Events and Conditions (Unaudited)

Certain licensees have filed appeals against their Administrative annual charges or their U.S. federal lands annual charges to seek a partial or 100% refund. The FY 2024 liability is fully funded and therefore poses no adverse or material future effect on the Commission's financial position.

Limitations of the Financial Statements

The financial statements have been prepared to report the financial position and results of operations of the Commission, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Commission in accordance with accounting principles generally accepted in the United States of America for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

FINANCIAL SECTION

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, DC 20426

Office of the Executive Director

Message From the Chief Financial Officer

I am pleased to present the Federal Energy Regulatory Commission's (Commission) comparative financial results for fiscal years FY 2024 and FY 2023. The accompanying financial statements and related notes fairly present the Commission's financial position and were prepared in conformity with accounting principles generally accepted in the United States of America, and requirements set forth in Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.

During FY 2024, the Commission continued to focus on its statutory responsibilities. Through strict adherence to its primary mission, the Commission assisted consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In fulfilling this mission, the Commission continued to establish policies and processes designed to ensure that rates, terms, and conditions for wholesale sales and transmission of electric energy and natural gas are just, reasonable, and not unduly discriminatory or preferential. Additionally, the agency acted to continually promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest.

My organization continued to focus on core responsibilities that supported mission accomplishment through organizational excellence. In this regard, we maintained a robust internal control environment which facilitated compliance with an extensive regulatory framework. We continued to implement innovative technologies and processes allowing us to manage Commission resources more effectively while providing high quality services that met our agency's needs in a more efficient manner. Moreover, we have maintained a highly skilled and creative workforce that successfully executed operational and policy requirements in accordance with authoritative regulations and are prepared to meet future challenges. This strategic approach to managing our acquisition, budgetary, and financial functions has aligned my organization's efforts with the broader mission of the agency. This Agency Financial Report further demonstrates this vital alignment of resources to the agency's mission.

Additionally, I would like to offer the following major achievements to demonstrate the effectiveness and efficiency of the Commission's acquisition, budgetary, and financial functions.

- The Commission obtained an unmodified opinion on its financial statements for the 31st consecutive year. In addition, it strengthened its internal control program by continuing on-going self-assessment efforts as required by OMB Circular No. A-123, Management's Responsibility for Internal Control. This assessment resulted in the Commission's assertion that it has reasonable assurance that its internal controls over financial reporting were operating effectively during FY 2024.

- The Commission collected $540.9 million in offsetting receipts during the fiscal year, which was more than $20.9 million more than its statutory collection requirements. In FY 2024, the Financial Management staff issued 100 percent of the related regulatory assessments electronically to jurisdictional entities.

- The Commission awarded 27% of its total contract dollars to small and other socio-economic businesses, which exceeded our small business target for FY 2024.
- The Commission awarded 15% of its total contract dollars to small-disadvantaged businesses, which exceeded our small business target for FY 2024.
- The Commission awarded 10% of its total contract dollars to small-disadvantaged veteran owned businesses, which exceeded our small business target for FY 2024.
- The Commission awarded 5% of its total contract dollars to Hubzone contractors, which met our small business targets for FY 2024.
- The Commission awarded 5% of its total contract dollars to women owned businesses, which met our small business target for FY 2024.
- The Commission awarded 97% of its procurement actions on time.
- The Commission paid 97.3% percent of its invoices on time according to the Prompt Payment Act with an error rate of less than 1 percent.

Our keen focus on program performance and significant financial accomplishments demonstrates the high regard we have for accountability, transparency, and fiscal responsibility. This report demonstrates a lasting commitment to fulfill our fiduciary responsibilities to Commission stakeholders. In striving to be a partner within the Commission by providing high quality services and products through financial stewardship, innovative solutions, and customer engagement, I am proud of the role my organization has played in supporting the agency's mission and protecting the interests of the American public.

W. Doug Foster, Jr.
Chief Financial Officer
Federal Energy Regulatory Commission
November 2024

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Federal Energy Regulatory Commission and
Inspector General, United States Department of Energy:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Federal Energy Regulatory Commission (the Commission), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net costs, changes in net position, custodial activity, and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of September 30, 2024 and 2023, and its net costs, changes in net position, custodial activity, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS , *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis section be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Letter from Chairman Phillips, Strategic Plan Summary, Message from the Chief Financial Officer, Other Information (including the Improper Payments Information Act (IPIA) Reporting and Civil Penalty Adjustment for Inflation), Appendix A: Statutory Authority, and Appendix B: Acronym Listing of the Agency Financial Report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2024, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements as of and for the year ended September 30, 2024, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of the Commission's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Commission's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 8, 2024

FEDERAL ENERGY REGULATORY COMMISSION

Balance Sheets

As of September 30, 2024 and 2023 (in dollars)

	2024	2023
Assets (Note 3):		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 4)	$ 286,320,794	$ 295,433,866
Accounts Receivable, Net (Note 5)	7,254	1,257
Advances and Prepayments	368,240	407,014
Total Intragovernmental Assets	286,696,288	295,842,137
Other than Intragovernmental Assets:		
Accounts Receivable, Net (Note 5)	2,061,774	5,946,842
Unbilled Revenue Receivable (Note 5)	35,308,097	6,136,720
Accounts Receivable, Net and Unbilled Receivable (Note 5)	37,369,871	12,083,562
Property and Equipment, Net (Note 6)	56,710,125	58,555,315
Advances and Prepayments	3,441,247	256,435
Total Other than Intragovernmental Assets	97,521,243	70,895,312
Total assets	**$ 384,217,531**	**$ 366,737,449**
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable	$ 985,885	$ 1,073,116
Other Liabilities (Note 7):		
Liability to the General Fund of the US Government and other Federal Entities for Custodial and Non-entity assets (Note 7)	1,915,590	5,657,007
Employer Contributions and Payroll taxes (Note 7)	1,731,516	1,377,574
Workers' Compensation (Note 7 and 9)	638,089	620,321
Other Liabilities with Related Budgetary Obligations (Note 7)	2,707	1,784,561
Other Liabilities without Related Budgetary Obligations (Note 7, 9)	97,536	260,231
Total intragovernmental	5,371,323	10,772,810
Other than Intragovernmental Liabilities**:**		
Accounts Payable	$ 29,115,126	$ 18,517,872
Federal Employee Salary, Leave, and Benefits Payable	29,585,854	27,513,006
Pension Benefit Payable (Note 10)	3,269,877	2,911,721
Other Liabilities (Note 7):		
Other Liabilities with Related Budgetary Obligations (Note 7)	3,402,005	3,494,450
Revenue collected under protest (Note 3 and 7)	2,590,703	16,197,389
Miscellaneous receipts held in suspense (Note 3 and 7)	2,325,293	375,596
Collections due to states (Notes 3, 7, 9, and 13)	215,923	191,602
Total Other than intragovernmental Liabilities (Note7)	$ 70,504,781	$ 69,201,636
Total Liabilities	**$ 75,876,104**	**$ 79,974,446**
Commitments and Contingencies (Note 11)		

Continued on next page

FEDERAL ENERGY REGULATORY COMMISSION

Balance Sheets continued

As of September 30, 2024 and 2023 (in dollars)

	2024	2023
Net Position:		
Unexpended appropriations - Funds from Other than Dedicated Collections	$ 94,123,937	$ 98,838,486
Cumulative results of operations - Funds from Other than Dedicated Collections	214,217,490	187,924,517
Total net position	308,341,427	286,763,003
Total liabilities and net position	**$ 384,217,531**	**$ 366,737,449**

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Net Cost

For the Years Ended September 30, 2024 and 2023 (in dollars)

		2024		2023
Program costs:				
Regulation:				
Ensure Just and Reasonable Rates, Terms, and Conditions (Note 14)				
Gross costs	$	244,511,377	$	219,295,793
Less: earned revenue		244,513,552		219,295,793
Net program costs	**$**	**(2,175)**	**$**	**-**
Promote Safe, Reliable, and Secure Infrastructure (Note 14)				
Gross Regulation costs	$	183,080,299	$	165,283,254
Less: Regulation earned revenue		183,081,928		165,283,254
Gross Inflation Reduction Act costs		4,720,034		1,156,029
Less: Inflation Reduction Act revenues		-		-
Net program costs	**$**	**4,718,405**	**$**	**1,156,029**
Mission Support Through Organizational Excellence (Note 14)				
Gross costs	$	121,498,339	$	105,422,910
Less: earned revenue		121,499,420		105,422,910
Net program costs	**$**	**(1,081)**	**$**	**-**
Total (note 14):				
Gross costs	$	553,810,048	$	491,157,986
Less: earned revenue		549,094,900		490,001,957
Net Cost of Operations	**$**	**4,715,148**	**$**	**1,156,029**

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Changes in Net Position

For the Years Ended September 30, 2024 and 2023 (in dollars)

		2024		2023
Unexpended Appropriations:				
Beginning Balances	$	98,838,486	$	100,000,000
Adjustments		5,485		-
Beginning Balances, as Adjusted		98,843,971		100,000,000
Appropriations Received		520,000,000		508,400,000
Other Adjustments – Appropriations Returned to Treasury		(187,865,163)		(226,170,289)
Appropriations Used		(336,854,871)		(283,391,225)
Net Change in Unexpended Appropriations		(4,720,034)		(1,161,514)
Total Unexpended Appropriations	**$**	**94,123,937**	**$**	**98,838,486**
Cumulative Results of Operations:				
Beginning Balances	$	187,924,517	$	157,466,119
Adjustments		(5,485)		-
Beginning Balances, as Adjusted		187,919,032		157,466,119
Appropriations Used		336,854,871		283,391,225
Transfers – out to Treasury without reimbursement		(331,972,141)		(272,085,430)
Imputed financing from costs absorbed by others (Note 10)		26,130,877		20,308,632
Net Cost of Operations		(4,715,148)		(1,156,029)
Net Change in Cumulative Results of Operations		26,298,458		30,458,398
Total Cumulative Results of Operations: Ending Balance	**$**	**214,217,490**	**$**	**187,924,517**
Net Position	**$**	**308,341,427**	**$**	**286,763,003**

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Budgetary Resources

For the Years Ended September 30, 2024 and 2023 (in dollars)

		2024		2023
Budgetary Resources:				
Unobligated balance from prior year budget authority, net	$	175,189,080	$	156,088,483
Appropriations		3,763,808		3,357,761
Spending authority from offsetting collections		520,075,500		508,412,352
Total Budgetary Resources	**$**	**699,028,388**	**$**	**667,858,596**
Status of Budgetary Resources:				
New obligations and upward adjustments (Note 15)	$	544,505,201	$	497,465,064
Unobligated balances, end of year:				
Apportioned, unexpired accounts		154,176,533		170,046,878
Unapportioned, unexpired accounts		346,654		346,654
Unobligated balance, end of year (total)		154,523,187		170,393,532
Total budgetary resources	**$**	**699,028,388**	**$**	**667,858,596**
Budget Authority and Outlays, Net:				
Outlays, net	$	1,244,212	$	(25,870,130)
Less: Distributed offsetting receipts		(40,460,677)		(28,603,175)
Agency outlays, net	**$**	**(39,216,465)**	**$**	**(54,473,305)**

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Custodial Activity

For the Years Ended September 30, 2024 and 2023 (in dollars)

	2024	2023
Revenue Activity:		
Sources of Cash Collections:		
Annual Charges	$ 46,445,958	$ 36,466,267
Other	19,566,578	25,291,778
Total Cash Collections	66,012,536	61,758,045
Accrual Adjustments	(3,741,417)	1,534,321
Total Custodial Revenue (Note 12)	$ 62,271,119	$ 63,292,366
Disposition of Collections:		
Transferred to others:		
United States Treasury	(40,460,677)	(38,547,859)
Unites State Army – Corps of Engineers	(13,390,793)	(12,029,995)
Department of Interior	(8,372,937)	(7,818,759)
Various States	(3,788,129)	(3,361,432)
Decrease (increase) in Amounts Yet to be Transferred	3,741,417	(1,534,321)
Total Disposition of Collections	$ (62,271,119)	$ (63,292,366)
Net Custodial Activity	**$ -**	**$ -**

The accompanying notes are an integral part of these statements.

(1) Description of Reporting Entity

The Federal Energy Regulatory Commission (the Commission or FERC) is an independent federal agency within the Department of Energy that oversees key operating functions of the United States' natural gas and oil pipeline transportation, electric utility, and hydroelectric power industries.

The Commission was created through the Department of Energy Organization Act on October 1, 1977. The Commission's predecessor, the Federal Power Commission (FPC), established in 1920, was abolished, and the Commission inherited most of FPC's regulatory mission.

The Commission administers laws and regulations involving key energy issues. These include the transportation and sale of natural gas and oil in interstate commerce; regulation of electric utility wholesale rates and transactions; licensing and inspection of private, municipal, and state hydroelectric projects; and oversight of related environmental matters.

The Commission's main legal authority is derived from the Federal Power Act of 1935, the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978, the Interstate Commerce Act, the Public Utility Regulatory Policies Act of 1978, and the Energy Policy Act of 2005.

On March 28, 2022, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through Fiscal Year (FY) 2026. As part of the update process, the Commission reviewed and updated its strategic objectives to align its core functions and authorities with the intended outcome. Further, the Commission added a third goal to capture management initiatives and responsibilities related to public trust, transparency, and communication. The Commission reviewed its resource alignment and made changes where appropriate. The Commission's activities are separated into the following three goals:

- Ensure Just and Reasonable Rates, Terms and Conditions
- Promote Safe, Reliable, and Secure Infrastructure
- Mission Support Through Organizational Excellence

Cost Recovery

As described below, the Commission recovers 100 percent of its annual budget authority from offsetting collections through annual charges and filing fees which are authorized by the Omnibus Budget Reconciliation Act of 1986 and other laws.

Annual Charges

The Commission recovers its administrative program costs through allocated annual charges to the entities it regulates, regardless of the number or type of services rendered to any particular entity during the year. The annual charge assessed in a fiscal year is based on an estimate of costs to be incurred during that year. Final program costs are determined from year-end accounting reports and time distribution reports by office and program. The difference in assessments that results from estimated versus final program costs is an adjustment to the following fiscal year's assessments. The authority and related implementation methods for the annual charges are summarized as follows:

Hydropower

Authority – Section 10(e) of the FPA makes the general provision that licensees under Part I of FPA shall pay reasonable annual charges to compensate the Federal government for the costs of administering Part I.

Implementation – The methods for assessing annual charges to hydropower licensees are codified at 18 Code of Federal Regulations (C.F.R.) Part 11. Costs are prorated based on capacity (municipal projects), on capacity and generation (non-municipal projects), or on a flat rate per horsepower under 1,000 (minor projects).

Gas, Electric, and Oil

Authority – Section 3401 of the Omnibus Budget Reconciliation Act of 1986 provides that the Commission shall "assess and collect fees and annual charges in any fiscal year in amounts equal to all of the costs incurred by the Commission in that fiscal year." It further provides that "fees or annual charges assessed shall be computed on the basis of methods that the Commission determines, by rule, to be fair and equitable."

Implementation – The methods for assessing annual charges to gas and oil pipelines and to electric utilities and power marketing administrations are codified at 18 C.F.R. Parts 382.201 - 203. Costs are prorated to gas pipelines based on volume transported and sold to electric utilities and power marketing administrations based on energy sold, and to oil pipelines based on operating revenues.

Filing Fees

Filing fees are calculated annually. Regulated entities pay the current fee when filing with the Commission for a specific service. The fees are based on the average time spent to perform the particular type of service and the average cost per employee, including salary, benefits, and indirect costs. Fee structure and procedures are codified in 18 C.F.R. Part 381.

The Independent Offices Appropriations Act of 1952 (IOAA) authorizes agencies to prescribe regulations establishing charges for services, benefits, or items of value provided by an agency. In establishing a fee under the IOAA, the Commission must:

- Identify the service for which the fee is to be assessed
- Explain why that particular service benefits an identifiable recipient more than it benefits the general public
- Base the fee on as small a category of service as possible; and
- Demonstrate what direct and indirect costs are incurred by the Commission in rendering the service.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared to report the financial position of the Commission and its net costs, changes in net position, budgetary resources, and custodial activity in accordance with accounting principles generally accepted in the United States of America applicable to Federal government entities.

These financial statements have also been prepared in accordance with the form and content for financial statements specified by OMB Circular No. A-136, Financial Reporting Requirements, as revised.

The financial statements include all activity related to the Commission's portion of appropriation (89X0212), including the IRA funding, and including the budget authority allotted by DOE to other DOE agencies. In addition, the Commission receives allotments from DOE appropriation (89X5105). Both of the Commission's appropriations relate to budget functional classification code 276, Energy Information Policy and Regulation, and appropriation (89X5105) relates to budget functional classification code 806, Energy Information Policy and Regulation.

Entity assets include those assets that the Commission has the authority to use in its operations.

Non-entity assets include those assets that result from the Commission's custodial billing activities for other Federal agencies, including the U.S. Army Corps of Engineers, the Treasury, and the U.S. Department of Interior and are disclosed in notes 3 and 5.

(b) Budgets and Budgetary Accounting

Congress annually adopts budget authority that provides the Commission with authority to use funds from the Treasury to meet its operating and capital expenditure requirements. Budget authority may or may not be restricted to use in a specific fiscal year. All revenue from annual charges and filing fees in excess of no-year budget authority is remitted to the Treasury by the end of the fiscal year. Time restricted budget authority is good for a defined period.

(c) Basis of Accounting

The Commission's financial statements are prepared using the accrual method of accounting. The accrual method of accounting requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. The Commission also uses budgetary accounting to facilitate compliance with legal constraints and to monitor its budget authority at the various stages of execution, including allotment, obligation, and eventual outlay.

(d) Revenue and Financing Sources

As described above, the Commission is granted budget authority from offsetting collections as well as time restricted authority. The Commission receives no-year appropriations from the Treasury general fund at the beginning of the fiscal year, which is used for its operating and capital expenditures. Throughout the year, the Commission collects monies through annual charges and filing fees and returns the appropriated amount to the Treasury general fund at year-end. The offsetting collections serve as the financing source for any unexpended budget authority. Additionally, the Commission receives a time restricted appropriation that does not require offsetting collections.

The Commission recognizes revenue for hydropower, gas, oil, and electric annual charges when earned. Annual charges are based on estimated current year program costs and adjustments from the prior year. At year-end, the Commission records a financial statement adjustment to accurately reflect the amount to be billed or credited to regulated entities based on the difference between the charges and the actual program costs for the year. The Commission adjusts the subsequent year's charge for such amount.

The Commission recognizes an imputed financing source for the estimated annual pension, life and health insurance costs in excess of contributions made by the Commission during the year. These costs will ultimately be funded by the Office of Personnel Management.

Reimbursable work agreement revenue is recognized when the related services are rendered.

Transfers-out represent receipts collected and remitted to the Treasury during the year and net accounts receivable that, once collected, will be returned to the Treasury, less any amounts due to regulated entities for the excess of estimated and billed costs over actual costs incurred.

(e) Fund Balance with Treasury

The Commission does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the Treasury. The balance of funds with the Treasury represents funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services that have not been received and monies held in suspense until final disposition is determined.

(f) Allowance for Doubtful Accounts

The Commission calculates its allowance for doubtful accounts using historical collection data and specific account analysis.

(g) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Commission capitalizes property and equipment purchases (other than furniture and software) with a cost greater than $100,000 and a total useful life exceeding two years. The Commission capitalizes individual furniture purchases with a cost greater than $50,000 and bulk furniture purchases related to the acquisition of newly leased space or total renovation of existing Commission space with a cost greater than $250,000. The Commission also capitalizes commercially purchased or internally developed software with a cost greater than $500,000 and leasehold improvements over $250,000 that are related to initial move-ins, buildouts of newly leased space, and/or a complete renovation of already leased space. Depreciation is calculated over the lease period, or if a lease renewal option is probable, then over the life of the remaining lease plus the renewed option period but not exceed the 15-year depreciation schedule for leasehold improvements, 10 years for furniture, 2 to 5 years for commercially purchased or internally developed software, and 5 years for equipment. All assets (other than software, hardware, equipment, and furniture) with an acquisition cost of $50,000 or greater with a life expectancy of two years, will be depreciated over their useful life. Expenditures for repairs and maintenance are charged to program costs as incurred.

Beginning in 2024, Federal Accounting Standards Advisory Board's Statement on Federal Financial Accounting Standards (SFFAS) 54, Leases, requires the adoption of new lease accounting standards as a prospective change in accounting principle and new note disclosure for Right-To-Use (RTU) leases and intragovernmental leases. A RTU lease includes an asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, and equipment (PP&E) asset for a period of time in exchange for consideration under the terms of the contract or agreement. FERC established the same thresholds for RTU lease capitalization as other purchased assets.

(h) Liabilities

Liabilities represent amounts owed by the Commission as the result of transactions or events that have occurred as of year-end. Liabilities for which Congress has not appropriated funds are disclosed in note 9 as liabilities not covered by budgetary resources and liabilities not requiring budgetary resources. Federal Employee Salary, Leave, and Benefits Payable include salaries; wages; funded and unfunded annual leave; sick leave; the employer portion of payroll taxes and benefit contributions, excluding intragovernmental amounts (e.g., the employer contributions to the Thrift Savings Plan); the employer share of health benefit payments due to benefit carriers, and employment related liabilities not included in Pension Benefits Payable.

(i) Workers' Compensation Payable

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for the Commission's employees under FECA are administered by the U.S. Department of Labor (DOL) and are ultimately paid by the Commission. The unfunded workers' compensation payable represents billings from DOL that are unpaid at year-end. Additionally, the Commission's current FECA actuarial liability totals $3.5 million.

(j) Collections Due to States

The Commission disburses 37.5% of the fees it collects from licensees for the occupancy and use of public lands to affected states in the fiscal year. These collections are initially deposited into the Treasury's miscellaneous receipts fund.

(k) Revenue Collected Under Protest

Revenue collected under protest is deferred and recorded as a liability until the protest is resolved.

(l) Accrued Leave

Annual leave is accrued as a liability as it is earned. The accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations. Sick leave and other types of non-vested leave are charged to expense as the leave is used.

(m) Civil Penalties and Disgorged Funds

The Commission seeks to detect abuses of market power or statutory or rule violations by investigating observed market anomalies, complaints, and referrals from regional transmission organizations and/or independent system operators, and by conducting both targeted and random audits. Once the Commission identifies violations, it applies remedies to mitigate the effects of market power, requires disgorgement of unjust profits where appropriate, and imposes civil penalties or other sanctions when available under existing laws. The Commission records an accounts receivable and liability for both civil penalties and unjust disgorged funds at the time the fine/penalty is imposed by a Commission Order. Pursuant to federal regulations imposed civil penalties are required to be paid to the U.S. Treasury and unjust disgorged profits are required to be paid to the impacted entities and/or the U.S. Treasury in accordance with the agreed upon stipulations and consents. The Commission records disgorged funds as a liability until they are disbursed to appropriate entities.

(n) Net Position Accounts

Cumulative results of operations – Represents the Commission's net results of operations since inception, including (1) the amount in the fund balance with Treasury from spending authority from offsetting collections less outstanding payables, (2) the cost of property and equipment acquired that has been financed by prior-year appropriations or financing sources, less accumulated depreciation, and (3) the amount of appropriated funding that will be needed in future periods to liquidate liabilities incurred through the current fiscal year. Funding for these items is generally received in the year that amounts become due and payable.

(o) Tax Status

The Commission, as a federal agency, is not subject to Federal, state, or local income taxes, and accordingly, no provision for income tax is recorded.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Also affected are the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(q) Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

(3) Non-Entity Assets

Non-entity assets at September30, 2024 and 2023 consisted of:

		2024		2023
Intragovernmental:				
Fund balance with Treasury:				
Revenue collected under protest	$	2,590,703	$	16,197,389
Miscellaneous receipts held in suspense		2,325,293		375,596
Collections due to states		215,923		191,602
Total non-entity intragovernmental assets		5,131,919		16,764,587
Total non-entity accounts receivable, net (note 5)		1,910,556		5,648,440
Total non-entity asset		7,042,475		22,413,027
Total entity assets		377,175,056		344,324,422
Total assets	**$**	**384,217,531**	**$**	**366,737,449**

4) Fund Balance with Treasury

Fund balance with Treasury at September 30, 2024 and 2023 consisted of:

		2024		2023
Status of Fund Balance with Treasury:				
Unobligated balance:				
Available	$	154,176,777	$	170,046,878
Unavailable		15,669,862		15,669,862
Obligated balance not yet disbursed		111,342,236		92,952,540
Non-budgetary FBWT		5,131,919		16,764,586
Total Fund Balance with Treasury	**$**	**286,320,794**	**$**	**295,433,866**

(5) Accounts Receivable, net

Entity and non-entity accounts receivable at September 30, 2024 and 2023 consisted of:

	2024		
	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 116,121	$ 74,191	$ 190,312
Unbilled receivables	35,308,097	-	35,308,097
Uncollected intragovernmental billings	-	7,254	7,254
Allowance for doubtful accounts	(13,551)	(25,543)	(39,094)
Total entity accounts receivable, net	$ 35,410,667	$ 55,902	$ 35,466,569
Non-entity			
Uncollected billings	$ -	$ 19,311,248	$ 19,311,248
Allowance for doubtful accounts	-	(17,400,692)	(17,400,692)
Total non-entity accounts receivable, net (Note 3)	$ -	$ 1,910,556	$ 1,910,556
Total accounts receivable, net and unbilled receivable	$ 35,410,667	$ 1,966,458	$ 37,377,125

	2023		
	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 281,994	$ 51,264	$ 333,258
Unbilled receivables	6,136,720	-	6,136,720
Uncollected intragovernmental billings	-	1,257	1,257
Allowance for doubtful accounts	(13,197)	(21,660)	(34,857)
Total entity accounts receivable, net	$ 6,405,517	$ 30,861	$ 6,436,378
Non-entity			
Uncollected billings	$ 121,033	$ 25,243,770	$ 25,364,803
Allowance for doubtful accounts	-	(19,716,362)	(19,716,362)
Total non-entity accounts receivable, net	$ 121,033	$ 5,527,408	$ 5,648,441
Total accounts receivable, net and unbilled receivable	$ 6,526,550	$ 5,558,269	$ 12,084,819

(6) Property and Equipment, net

Property and equipment and related accumulated depreciation at September 30, 2024 and 2023 consisted of:

	2024		
	Acquisition Amount	Accumulated Depreciation	Net
Furniture	$ 20,220,855	$ 6,263,962	$ 13,956,893
Equipment	5,926,094	5,623,748	302,346
ADP software	19,024,448	19,024,448	-
Leasehold improvements	53,103,718	10,778,042	42,325,676
Construction in process	125,211	-	125,211
Total property and equipment, net	$ 98,400,326	$ 41,690,200	$ 56,710,126

	2023		
	Acquisition Amount	Accumulated Depreciation	Net
Furniture	$ 19,373,471	$ 8,113,163	$ 11,260,308
Equipment	12,520,308	11,593,129	927,179
ADP software	38,423,035	38,359,742	63,293
Leasehold improvements	62,667,385	16,362,850	46,304,535
Construction in process	-	-	-
Total property and equipment, net	$ 132,984,199	$ 74,428,884	$ 58,555,315

During FY 2024, the Commission disposed of fully depreciated furniture, equipment and ADP software and the related accumulated depreciation that were no longer in use.

7) Other Liabilities

Other liabilities at September 30, 2024 and 2023 consisted of:

	2024		
	Current	Non-Current	Total
Intragovernmental:			
Liabilities to the General Fund of the US government and other federal entities for custodial and non-entity assets	$ 1,915,590	$ -	$ 1,915,590
Employer Contributions and Payroll Taxes	1,731,516	-	1,731,516
Workers' compensation payable (Note 9)	564,433	73,656	638,089
Other Liabilities with Related Budgetary Obligations	2,707	-	2,707
Other Liabilities without Related Budgetary Obligations (Note 9)	97,536	-	97,536
Total other intragovernmental liabilities	$ 4,311,782	$ 73,656	$ 4,385,438
Other than intragovernmental:			
Other Liabilities with Related Budgetary Obligations	$ 3,402,005	$ -	$ 3,402,005
Revenue collected under protest (Note 3)	2,590,703	-	2,590,703
Miscellaneous receipts held in suspense (Note 3 and 11)	2,325,293		2,325,293
Collections due to states (Note 3 and 9)	215,923	-	215,923
Total other than intragovernmental liabilities	$ 8,533,924	$ -	$ 8,533,924
Total other liabilities	**$ 12,845,705**	**$ 73,656**	**$ 12,919,361**

	2023		
	Current	Non-Current	Total
Intragovernmental:			
Liabilities to the General Fund of the US government and other federal entities for custodial and non-entity assets	$ 5,657,007	$ -	$ 5,657,007
Employer Contributions and Payroll Taxes	1,377,574	-	1,377,574
Workers' compensation payable (Note 9)	547,429	72,892	620,321
Other Liabilities with Related Budgetary Obligations	1,784,561	-	1,784,561
Other Liabilities without Related Budgetary Obligations (Note 9)	260,231	-	260,231
Total other intragovernmental liabilities	$ 9,626,802	$ 72,892	$ 9,699,694
Other than intragovernmental:			
Other liabilities with related budgetary obligations	$ 3,494,450	$ -	3,494,450
Revenue collected under protest (Note 3 and 11)	16,197,389	-	16,197,389
Refunds and other amounts due	375,596	-	375,596
Collections due to states (Note 3 and 9)	191,602	-	191,602
Total other than intragovernmental liabilities	$ 20,259,036	$	$ 20,259,036
Total other liabilities	**$ 29,885,838**	**$ 72,892**	**$ 29,958,730**

Liabilities to the General Fund of the US government and other federal entities for custodial and non-entity assets represent future collections on accounts receivable that will be forwarded to Treasury upon receipt. Revenue collected under protest represents monies that, once the protest is resolved, may either be recognized as revenue by the Commission or returned to the protesting entity. Refunds and other amounts due represent monies that ultimately will be returned to entities due to billings exceeding costs and interim reporting of deferred revenues.

(8) Leases

Lessee - Intragovernmental Leases:
The General Services Administration (GSA) enters into lease agreements for government buildings and maintains those lease agreements. The Commission pays GSA a standard level user charge for the annual rental of building space, of which Commission Headquarters is in Washington, DC and several other regional and satellite offices are in various parts of the country. The standard level users charge approximates the commercial rental rates for similar properties. The Commission generally executes an occupancy agreement with GSA, which normally includes a requirement to give 30-120 days' notice to vacate. Expenses incurred for building leases amounted to $28.6 million and $28.1 million and for vehicle leases $0.1 million and $0.6 million for the years ended September 30, 2024 and 2023, respectively.

Lessee - Other Leases:
As of September 30, 2024, the Commission evaluated its leases and determined it does not have any capitalizable assets or liabilities that meet the capitalization threshold criteria of right to use or embedded leases under the new SFFAS 54 guidance (Note 2).

(9) Liabilities Not Covered by Budgetary Resources
Liabilities not covered by budgetary resources at September 30, 2024 and 2023 consisted of:

		2024		2023
Intragovernmental				
Other				
Workers' compensation payable (Note 7)	$	638,089	$	620,321
Other Liabilities without Related Budgetary Obligations (Note 7)		97,536		260,231
Total intragovernmental	$	735,625	$	880,552
Federal employee benefit payable		26,451,008		25,778,989
Collections due to states (Note 7)		215,923		191,602
Total liabilities not covered by budgetary resources	$	27,402,556	$	26,851,144
Total liabilities covered by budgetary resources	$	41,641,962	$	30,893,312
Total liabilities not requiring budgetary resources	$	6,831,568	$	22,229,991
Total liabilities	$	75,876,103	$	79,974,446

The Total liabilities not requiring budgetary resources is comprised of $6.8 million of liabilities in FERCs receipt accounts for FY 2024 as compared to $22.2 million, respectively in FY 2023.

(10) Employee Benefits

Commission employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7% of their basic pay to the plan, and the Commission makes a matching contribution. For employees participating in the FERS program hired before January 1, 2013, the Commission contributes 18.4% of basic pay. For employees participating in the FERS-Revised Annuity Employees (RAE) program hired after January 1, 2013, the Commission contributes 16.5% of basic pay. For employees participating in the FERS-Further Revised Annuity Employees (FRAE) program hired after December 31, 2013, the Commission contributes 16.5% of base pay.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect either to join FERS and Social Security or remain in CSRS. FERS offers a savings plan in which the Commission automatically contributes 1% of employees' basic pay and matches any employee contribution up to an additional 4% of basic pay. For most employees hired since December 31, 1983, the Commission also contributes the employer's matching share for Social Security. Public Law 112-96, Section 5001 of the "Middle Class Tax Relief and Job Creation Act of 2013," makes a significant change to the FERS program. Beginning January 1, 2013, new employees under FERS-RAE contribute 3.1% of their basic pay compared to 0.8% contributed by employees hired prior to January 1, 2013. Furthermore, new employees hired after December 31, 2013 under FERS-FRAE contribute 4.4% of their basic pay compared to the contribution rates of FERS and FERS-RAE employees.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is, therefore, not disclosed by the Commission. For the years ended September 2024 and 2023 both plans cost approximately $40.7 million and $37.8 million, respectively. The total imputed costs for pension, life and health insurance recognized by the Commission for the years ended September 2024 and 2023 are $26.1 million and $20.3 million, respectively and will ultimately be funded through the Office of Personnel Management.

The Commission records unpaid leave earned that an employee is entitled to upon separation and that will be funded by future years' budgetary resources. As of September 30, 2024, the Commission's unfunded accrued annual leave totaled $23.2 million compared to $22.9 million as of September 30, 2023.

(11) Commitments and Contingencies

Certain licensees have filed appeals against Administrative annual charges or their U.S. federal lands annual charges to seek a partial or 100% refund. The combined liability of these appeals total $2.6 million as of September 30, 2024 and is included in the balance sheet as revenue collected under protest. The FY 2024 liability is fully funded and therefore poses no adverse or material future effect on the Commission's financial position.

In addition, the Commission has one District Court Matter case where the probability of success is reasonably possible. This legal case could be awarded a total of $25,000 as of September 30, 2024.

(12) Custodial Activity

FERC is responsible for assessing annual charges to regulated companies on behalf of certain Federal agencies. These include: 1) the U.S. Army Corps of Engineers for licensees to provide maintenance and operations of dams owned by the U.S. and maintenance for operations of headwater or other navigable waters owned by the U.S.; 2) the Department of Interior for the occupancy and use of public lands and national parks owned by the U.S. and for Indian Tribal Trust Funds from licensees for the reservation of Indian land; 3) certain federal agencies for their costs in carrying out Part I of the Federal Power Act; and 4) the Treasury for revenues collected based on penalties, interest, and administrative charges for overdue accounts receivables and for civil penalties. Accrual accounting is used to account for the Commission's custodial activities. The receivables are maintained by the Commission, and the collections are processed to each Federal agency on a monthly basis. In addition to the annual charges, penalty and administrative costs are assessed on past-due bills and remitted to the Treasury when received. For the years ending September 30, 2024 and 2023, these custodial collections totaled approximately $62.3 million and $63.3 million, respectively.

(13) Funds from Dedicated Collections

In accordance with the SFFAS No. 27 Identifying and Reporting Earmarked Funds and as amended by SFFAS No. 43 Funds from Dedicated Collections: Amendment Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds, the Commission is required to report separately on the Balance Sheets and Statements of Changes in Net Position, the non-exchange revenue, other financing sources, net cost of operations and net position attributable to funds from dedicated collections. In addition, the Commission must disclose the fund(s) for which it has program management responsibility. The Commission's fund 89X5105 meets the criteria for funds from dedicated collections. They relate to payments to states collections from licensees for the occupancy and use of national forests and public lands from development within the boundaries of any state. This fund and the receipt fund 895105 are custodial in nature and therefore do not impact the Balance Sheet's net position or the Statement of Changes in Net Position. The balances as of September 30, 2024 and 2023 were $0.2 million and $0.2 million, respectively. Funds 89X5105 and 895105 pertain to the Use of Government lands. "Reasonable annual charges for recompensing the United States for the use, occupancy, and enjoyment of its lands or its other property will be fixed by the Commission." 18 C.F.R. CH 1, part 11.2(a).

The Commission disposes of the charges arising from licenses in accordance with USC, Title 16, CH 12, Part I, Sec 810 "All other charges arising from licenses hereunder, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this subchapter, shall be paid into the Treasury of the United States and credited to Miscellaneous Receipts. 37.5 per centum of the charges arising from licenses hereunder for the occupancy and use of national forests and public lands from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such state."

(14) Intragovernmental Costs and Exchange Revenue

Costs classified as “Intragovernmental” represent the cost of goods or services obtained from Federal entities. Costs classified as “Public” represent the cost of goods or services obtained from non-federal entities. Revenues classified as “Intragovernmental earned” are generated when the buyer and seller of services are Federal entities. Revenues classified as “Public earned” are generated when the buyer of services is a non-federal entity.

Intragovernmental costs and exchange revenue for the years ended September 30, 2024 and 2023 consisted of:

		2024		2023
Ensure Just and Reasonable Rates, Terms, and Conditions				
Intragovernmental costs		50,641,787		49,690,580
Public costs		193,869,590		169,605,213
Total Just and Reasonable Rates, Terms, and Condition costs	$	244,511,377	$	219,295,793
Intragovernmental earned revenue		66,472		38,814
Public earned revenue		244,447,080		219,256,979
Total Just and Reasonable Rates, Terms, and Conditions earned revenues	$	244,513,552	$	219,295,793
Promote Safe, Reliable, and Secure Infrastructure				
Intragovernmental regulation costs		37,918,536		37,451,793
Public regulation costs		145,161,763		127,831,461
Total Infrastructure Regulation costs	$	183,080,299	$	165,283,254
Intragovernmental regulation revenue		49,771		29,254
Public regulation revenue		183,032,157		165,254,000
Total Infrastructure Regulation earned revenues	$	183,081,928	$	165,283,254
Intragovernmental inflation reduction act costs		1,102,323		302,040
Public inflation reduction act costs		3,617,711		853,989
Total Infrastructure Inflation Reduction Act costs	$	4,720,034	$	1,156,029
Mission Support Through Organizational Support				
Intragovernmental costs		25,164,035		23,887,944
Public costs		96,334,304		81,534,966
Total Mission support costs	$	121,498,339	$	105,422,910
Intragovernmental earned revenue		33,030		18,659
Public earned revenue		121,466,390		105,404,251
Total Mission support earned revenues	$	121,499,420	$	105,422,910
Costs				
Intragovernmental costs		114,826,680		111,332,357
Public costs		438,983,368		379,825,629
Total costs	$	553,810,048	$	491,157,986
Revenue				
Earned intragovernmental revenue		149,273		86,727
Earned public revenue		548,945,627		489,915,230
Total earned revenue	$	549,094,900	$	490,001,957

(15) Apportionment Categories of Obligations Incurred

Apportionment categories of obligations incurred for the years ended as of September 30, 2024 and 2023 consisted of:

	2024	2023
Category A:		
Direct	$ 544,432,248	$ 497,452,712
Reimbursable	72,953	12,352
Total obligations incurred	**$ 544,505,201**	**$ 497,465,064**

(16) Undelivered Orders at the End of the Fiscal Year

Undelivered orders are obligations made by the Commission for services and purchases that have not been received and accepted as of the balance sheet date. The amount of Commission's budgetary resources reported as undelivered orders as of September 30, 2024, and 2023 were $73.9 million and $63.2 million, respectively of which $70.1 million are in an unpaid status and $3.8 million are in a paid status. The undelivered orders reported as of September 30, 2024, consisted of $60.5 million Non-Federal and $13.4 million Federal amounts.

(17) Explanation of Differences Between the SBR and the Budget of the U.S. Government

The Commission had no material differences between the Statement of Budgetary Resources and the Budget of the United States as of September 30, 2024. The statement can be reconciled to the President's budget by combining both of the budgets for Federal Energy Regulatory Commission (89-0212-0-1-276) and Payments to States under Federal Power Act (89-5105-0-2-806). The reconciliation as of September 30, 2024, is not presented because the submission of the FY 2025 budget occurs after publication of these financial statements. The Commission's Budget Appendix can be found under the DOE on the OMB website and will be available in early February 2025.

(18) Reconciliation of Net Cost to Outlays

The Budget and Accrual Reconciliation (BAR) explains the relationship between the Commission's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

	2024		
	Intra-governmental	With the public	Total
Net Cost	$ 140,808,283	$ (136,093,136)	$ 4,715,147
Components of Net Cost That Are Not Part of Budgetary Outlays:			
Change in Property, and equipment depreciation	-	(6,334,166)	(6,334,166)
Other	-	6,363,275	6,363,275
Increase/(decrease) in assets:			
Accounts receivable	5,997	25,286,310	25,292,307
Advances and prepayments	(38,774)	3,184,811	3,146,037
(Increase)/decrease in liabilities:			
Accounts payable	87,231	(10,597,254)	(10,510,023)
Federal employee salary, leave and benefits payables	-	(2,072,847)	(2,072,847)
Pensions payable		(358,156)	(358,156)
Other liabilities	5,314,257	11,725,112	17,039,369
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(26,130,876)	-	(26,130,876)
Transfers out (in) without reimbursement	(162,696)	-	(162,696)
Other imputed finance	-	-	-
Total Components of Net Cost That Are Not Part of Net Outlays:	$ (20,924,861)	$ 27,197,085	$ 6,272,224
Components of Budget Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	(1,781,854)	(92,445)	(1,874,299)
Other assets	(11,632,667)	3,763,808	(7,868,859)
Total Components of Budget Outlays That Are Not Part of Net Cost	$ (13,414,521)	$ 3,671,363	$ (9,743,158)
Other Temporary Timing Differences:	-	-	-
Net Outlays – Calculation	**$ 106,468,901**	**$ (105,224,688)**	**$ 1,244,213**
Related amounts on the Statement of Budgetary Resources:			
Outlays, net	(1,146,515)	2,390,727	1,244,212
Distributed offsetting receipts	(40,460,677)	-	(40,460,677)
Agency Outlays, net	**$ (41,607,192)**	**$ 2,390,727**	**$ (39,216,465)**

		2023				
		Intra-governmental		With the public		Total
Net Cost	$	131,554,261	$	(130,398,232)	$	1,156,029
Components of Net Cost That Are Not Part of Budgetary Outlays:						
Change in Property, plant, and equipment depreciation		-		(6,131,749)		(6,131,749)
Other		-		15,064,823		15,064,823
Increase/(decrease) in assets:						
Accounts receivable		1,257		(6,960,328)		(6,959,071)
Advances and Prepayments		11,121		(236,979)		(225,858)
(Increase)/decrease in liabilities:						
Accounts payable		(24,941)		420,465		395,524
Federal employee salary, leave and benefits payables		-		(678,045)		(678,045)
Pensions Payable				(18,092)		(18,092)
Other liabilities		(3,035,315)		13,558,567		10,523,252
Other financing sources:						
Federal employee retirement benefit costs paid by OPM and imputed to the agency		(20,308,632)		-		(20,308,632)
Transfers out (in) without reimbursement		(199,598)		-		(199,598)
Other imputed finance		(9,944,684)		-		(9,944,684)
Total Components of Net Cost That Are Not Part of Net Outlays:	$	(33,500,792)	$	15,018,662	$	(18,482,130)
Components of Budgetary Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets		1,611,167		(450,729)		1,160,438
Other		(13,062,229)		3,357,761		(9,704,468)
Components of Budgetary Outlays That Are Not Part of Net Cost:	$	(11,451,062)	$	2,907,032	$	(8,544,030)
Net Outlays - Calculation	**$**	**86,602,408**	**$**	**(112,472,538)**	**$**	**(25,870,130)**
Related amounts on the Statement of Budgetary Resources:						
Outlays, net		-		(25,870,130)		(25,870,130)
Distributed offsetting receipts		(28,603,175)		-		(28,603,175)
Agency Outlays, net	**$**	**(28,603,175)**	**$**	**(25,870,130)**	**$**	**(54,473,305)**

(19) Subsequent Event

The Commission did not have any material subsequent events occur that needed to be reported in the financial statements and disclosures as of September 30, 2024.

OTHER INFORMATION

(Unaudited)

Improper Payments Information Act (IPIA) Reporting (Unaudited)

The Commission has performed a review of its payments through September 30, 2024, and it has processed 99.5 percent of its payments without error. The Commission found only 40 erroneous payments out of 8,474 total payments. The value of those erroneous payments totaled $1.4 million out of total payments of $164.3 million for FY 2024.

Civil Monetary Penalty Adjustment for Inflation (Unaudited)

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information section the most recent inflationary adjustments to civil monetary penalties to ensure penalty adjustments are both timely and accurate.

Penalty (Name of Penalty)	Authority (Statute)	Date of Previous Adjustment	Date of Current Adjustment	Current Penalty Level ($)
Violation of any provision of Part II of the FPA or related rule or order	16 U.S.C. § 825o-1(b), Sec. 316A of the Federal Power Act	Jan-23	Jan-24	$1,544,521 per violation, per day
Violation of or failure/refusal to comply with any rule or regulation issued under Part I of the FPA or any related order or term of a license, permit, or exemption	16 U.S.C. § 823b(c), Sec. 31(c) of the Federal Power Act	Jan-23	Jan-24	$27,893 per violation, per day
Violation of or willful failure to comply with any order of the Commission; file any report required under the FPA; or submit any information or document or respond to subpoena required by the Commission in the course of an investigation conducted under the FPA	16 U.S.C. § 825n(a), Sec. 315(a) of the Federal Power Act	Jan-23	Jan-24	$3,643 per violation
Violation of any provision of the NGA or any related rule, regulation, restriction, condition, or order	15 U.S.C. § 717t-1, Sec. 22 of the Natural Gas Act	Jan-23	Jan-24	$1,544,521 per violation, per day
Violation of any provision of the NGPA or any related rule or order	15 U.S.C. § 3414(b)(6)(A)(i), Sec. 504(b)(6)(A)(i) of the	Jan-23	Jan-24	$1,544,521 per violation, per day

	Natural Gas Policy Act of 1978			
Violation of or failure/refusal to comply with regulations or orders concerning posting and filing rate schedules issued by the Commission under section 6 of the ICA	49 App. U.S.C. § 6(10) (1988), Sec. 6(10) of the Interstate Commerce Act	Jan-23	Jan-24	$1,617 per offense and $81 per day after the first day
Violation of or failure to comply orders issued by the Commission under sections 3, 13, or 15 of the ICA	49 App. U.S.C. § 16(8) (1988), Sec. 16(8) of the Interstate Commerce Act	Jan-23	Jan-24	$16,170 per violation, per day
Violation of or failure to comply with Commission's requirements to provide information in connection with the Commission's valuation of a pipeline carrier's property under section 19(a) of the ICA	49 App. U.S.C. § 19a(k) (1988), Sec. 19a(k) of the Interstate Commerce Act	Jan-23	Jan-24	$1,617 per offense, per day
Violation of or failure to keep or submit certain accounts, records, or memoranda required by the Commission under authority granted in section 20 of the ICA	49 App. U.S.C. § 20(7)(a) (1988), Sec. 20(7)(a) of the Interstate Commerce Act	Jan-23	Jan-24	$1,617 per offense, per day

APPENDIX A: STATUTORY AUTHORITY

Provided below is a listing of federal statutes applicable to the Commission. Links to these statutes are available on the Commission's website at www.ferc.gov under Legal Resources.

Electric, Hydropower, & General Statutes

Department of Energy Organization Act
Electric Consumers Protection Act (ECPA)
Electronic Freedom of Information Act of 1996
Energy Independence and Security Act of 2007 (EISA)
Energy Policy Act of 1992
Energy Policy Act of 2005
Federal Power Act
Hydropower Regulatory Efficiency Act of 2013
Information Technology Management Reform Act of 1996 (ITMRA/Clinger-Cohen Act)
Power Plant & Industrial Fuel Use Act
Public Utility Holding Company Act of 2005 (PUHCA)
Public Utility Regulatory Policies Act of 1978 (PURPA)
Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)

Natural Gas Statutes

Alaska Natural Gas Pipeline Act of 2004
Alaska Natural Gas Transportation Act of 1976
Natural Gas Act
Natural Gas Policy Act of 1978
Natural Gas Wellhead Decontrol Act of 1989 (NGWDA)
Outer Continental Shelf Lands Act of 1978 (OCSLA)

Oil Statutes

Interstate Commerce Act
Oil Pipeline Regulatory Reform

Environmental and Other Statutes

Clean Air Act
Clean Water Act
Coastal Zone Management Act
Endangered Species Act
Federal Deepwater Ports Act of 1974 (DWPA)
Fish and Wildlife Coordination Act
Inflation Reduction Act of 2022
National Environmental Policy Act (NEPA)
National Historic Preservation Act
Rivers and Harbors Act
Wild and Scenic Rivers Act

APPENDIX B: ACRONYM LISTING

Acronym	Full Description
AFR	Agency Financial Report
APR	Annual Performance Report
BAR	Budget and Accrual Reconciliation
CSRS	Civil Service Retirement System
C.F.R.	Code of Federal Regulations
CIP	Critical Infrastructure Protection
DOE	Department of Energy
DOL	Department of Labor
ECPA	Electric Consumers Protection Act
EISA	Energy Independence and Security Act of 2007
ERO	Electric Reliability Organization
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees Compensation Act
FERS	Federal Employees' Retirement System
FERC	Federal Energy Regulatory Commission
FFMIA	Federal Financial Management Improvement Act of 1996
FMFIA	Federal Managers' Financial Integrity Act
FPA	Federal Power Act
FPC	Federal Power Commission
FY	Fiscal Year
FTE	Full Time Equivalent
FRAE	Further Revised Annuity Employees
GHG	Greenhouse Gas
GSA	General Services Administration
GPRA	Government Performance and Results Act
HCOP	Human Capital Operating Plan
IOAA	Independent Offices Appropriations Act of 1952
IPIA	Improper Payments Information Act
IRA	Inflation Reduction Act
ISO	Independent System Operator

Acronym	Full Description
IT	Information Technology
ITMRA	Information Technology Management Reform Act of 1996
LNG	Liquefied Natural Gas
NEPA	National Environmental Policy Act
NOPR	Noticed of Proposed Rulemaking
NERC	North American Electric Reliability Corporation
NGWDA	Natural Gas Wellhead Decontrol Act of 1989
OAL	Office of Administrative Litigation
OALJ	Office of Administrative Law Judges
OCSLA	Outer Continental Shelf Lands Act of 1978
OE	Office of Enforcement
OEA	Office of External Affairs
OED	Office of the Executive Director
OEIS	Office of Energy Infrastructure Security
OEMR	Office of Energy Market Regulation
OEP	Office of Energy Projects
OEPI	Office of Energy Policy and Innovation
OER	Office of Electric Reliability
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPP	Office of Public Participation
OSEC	Office of the Secretary
PACS	Physical Access Control Systems
PJM	PJM Interconnection
PUHCA	Public Utility Holding Company Act of 2005
PURPA	Public Utility Regulatory Policies Act of 1978
RTO	Regional Transmission Organization
RAE	Revised Annuity Employees
SBR	Statement of Budgetary Resources

Acronym	Full Description
SBREFA	Small Business Regulatory Enforcement Fairness Act of 1996
SFFAS	Statement on Federal Financial Accounting Standards
USSGL	United States Standard General Ledger