



BILLING CODE 6717-01-P
DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
[Docket No. AD20-3-000]

Billing Procedures for Annual Charges for the Costs of Other Federal Agencies for Administering Part I of the Federal Power Act; Notice Reporting Costs for Other Federal Agencies' Administrative Annual Charges for Fiscal Year 2019

1. The Federal Energy Regulatory Commission (Commission) is required to determine the reasonableness of costs incurred by other Federal agencies (OFAs)¹ in connection with their participation in the Commission's proceedings under the Federal Power Act (FPA) Part I² when those agencies seek to include such costs in the administrative charges licensees must pay to reimburse the United States for the cost of administering Part I.³ The Commission's *Order on Remand and Acting on Appeals of Annual Charge Bills*⁴ determined which costs are eligible to be included in the administrative annual charges. This order also established a process whereby the Commission would annually request each OFA to submit cost data, using a form⁵ specifically designed for this purpose. In addition, the order established requirements for detailed cost accounting reports and other documented analyses to explain the cost assumptions contained in the OFAs' submissions.

2. The Commission has completed its review of the forms and supporting documentation submitted by the U.S. Department of the Interior (Interior), the U.S. Department of Agriculture (Agriculture), and the U.S. Department of Commerce

(Commerce) for fiscal year (FY) 2019. This notice reports the costs the Commission included in its administrative annual charges for FY 2020.

¹ The OFAs include: the U.S. Department of the Interior (Bureau of Indian Affairs, Bureau of Land Management, Bureau of Reclamation, National Park Service, U.S. Fish and Wildlife Service, Office of the Solicitor, Office of Environmental Policy & Compliance, Office of Hearings and Appeals, and Office of Policy Analysis); the U.S. Department of Agriculture (U.S. Forest Service); the U.S. Department of Commerce (National Marine Fisheries Service); and the U.S. Army Corps of Engineers.

² 16 U.S.C. 791a-823d (2018).

³ See *id.* 803(e)(1) and 42 U.S.C. 7178 (2018).

⁴ 107 FERC 61,277, *order on reh'g*, 109 FERC 61,040 (2004).

⁵ Other Federal Agency Cost Submission Form, *available at* <https://www.ferc.gov/docs-filing/forms.asp#ofa>.

Scope of Eligible Costs

3. The basis for eligible costs that should be included in the OFAs' administrative annual charges is prescribed by the Office of Management and Budget's (OMB) Circular A-25 - *User Charges* and the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards (SFFAS) Number 4 - *Managerial Cost Accounting Concepts and Standards for the Federal Government*. Circular A-25 establishes Federal policy regarding fees assessed for government services and provides specific information on the scope and type of activities subject to user charges. SFFAS Number 4 provides a conceptual framework for federal agencies to determine the full costs of government goods and services.

4. Circular A-25 provides for user charges to be assessed against recipients of special benefits derived from federal activities beyond those received by the general public.⁶ With regard to licensees, the special benefit derived from federal activities is the license to operate a hydropower project. The guidance provides for the assessment of sufficient user charges to recover the full costs of services associated with these special benefits.⁷ SFFAS Number 4 defines full costs as the costs of resources consumed by a specific governmental unit that contribute directly or indirectly to a provided service.⁸ Thus, pursuant to OMB requirements and authoritative accounting guidance, the Commission must base its OFA administrative annual charge on all direct and indirect costs incurred by agencies in administering Part I of the FPA. The special form the Commission designed for this purpose, the Other Federal Agency Cost Submission Form, captures the full range of costs recoverable under the FPA and the referenced accounting guidance.⁹

Commission Review of OFA Cost Submittals

5. The Commission received cost forms and other supporting documentation from the Departments of the Interior, Agriculture, and Commerce. The Commission completed a review of each OFA's cost submission forms and supporting reports. In its examination of the OFAs' cost data, the Commission considered each agency's ability to demonstrate a system or process which effectively captured, isolated, and reported FPA Part I costs as

⁶ OMB Circular A-25 6.

⁷ OMB Circular A-25 6.a.2.

⁸ SFFAS Number 4 7.

⁹ For the past few years, the form has excluded Other Direct Costs to avoid the possibility of confusion that occurred in earlier years as to whether costs were being entered twice as Other Direct Costs and Overhead.

required by the Other Federal Agency Cost Submission Form.

6. The Commission held a Technical Conference on March 26, 2020 to report its initial findings to licensees and OFAs. Representatives for several licensees and most of the OFAs attended the conference. Following the technical conference, a transcript was posted, and licensees had the opportunity to submit comments to the Commission regarding its initial review.

7. Idaho Falls Group (Idaho Falls) filed written comments,¹⁰ stating its general support of the Commission’s analysis but raising a question regarding U.S. Department of Commerce’s National Marine Fisheries Service (NMFS) individual cost submission. The issue is addressed in the Appendix to this notice.

8. After additional review, full consideration of the comments presented, and in accordance with the previously cited guidance, the Commission accepted as reasonable any costs reported via the cost submission forms that were clearly documented in the OFAs’ accompanying reports and/or analyses. These documented costs will be included in the administrative annual charges for FY 2020.

Summary of Reported & Accepted Costs for Fiscal Year 2019

	Municipal		Non-Municipal		TOTAL	
	Reported	Accepted	Reported	Accepted	Reported	Accepted
Department of the Interior						
Bureau of Indian Affairs	-	-	-	-	-	-
Bureau of Land Management	46,923	-	-	-	46,923	-
Bureau of Reclamation	7,981	7,981	17,521	17,521	25,501	25,501
National Park Service	369,921	369,920	358,370	358,370	728,290	728,290
U.S. Fish and Wildlife Service	223,053	223,053	1,006,142	1,006,142	1,229,195	1,229,195
Office of the Solicitor	-	-	-	-	-	-
Office of Environmental Policy & Compliance	41,230	41,230	70,257	70,257	111,488	111,488
Office of Hearings and Appeals	-	-	-	-	-	-
Department of Agriculture						
U.S. Forest Service	891,818	862,878	1,591,750	1,610,593	2,483,568	2,473,470
Department of Commerce						
National Marine Fisheries Service	828,574	826,549	726,588	726,588	1,555,162	1,553,137
TOTAL	2,409,500	2,331,611	3,770,628	3,789,471	6,180,128	6,121,081

Figure 1

9. Figure 1 summarizes the total reported costs incurred by Interior, Agriculture, and Commerce with respect to their participation in administering Part I of the FPA. Additionally, Figure 1 summarizes the reported costs that the Commission determined were clearly documented and accepted for inclusion in its FY 2020 administrative annual

¹⁰ See Letter from Sharon L. White, Van Ness Feldman, to the Honorable Kimberly D. Bose, FERC, Docket No. AD20-3-000 (filed May 8, 2020).

charges.

Summary Findings of Commission's Costs Review

10. As presented in Figure 1, the Commission has determined that **\$6,121,081** of the **\$6,180,128** in total reported costs were reasonable and clearly documented in the OFAs' accompanying reports and/or analyses. Based on this finding, 1% of the total reported cost was determined to be unreasonable. The Commission notes the most significant issue with the documentation provided by the OFAs was the lack of supporting documentation to substantiate costs reported on the Other Federal Agency Cost Submission Form.

11. The cost reports that the Commission determined were clearly documented and supported could be traced to detailed cost-accounting reports, which reconciled to data provided from agency financial systems or other pertinent source documentation. A further breakdown of these costs is included in the Appendix to this notice, along with an explanation of how the Commission determined their reasonableness.

Points of Contact

12. If you have any questions regarding this notice, please contact Raven Rodriguez at (202) 502-6276.

Dated: July 15, 2020

Kimberly D. Bose,
Secretary.