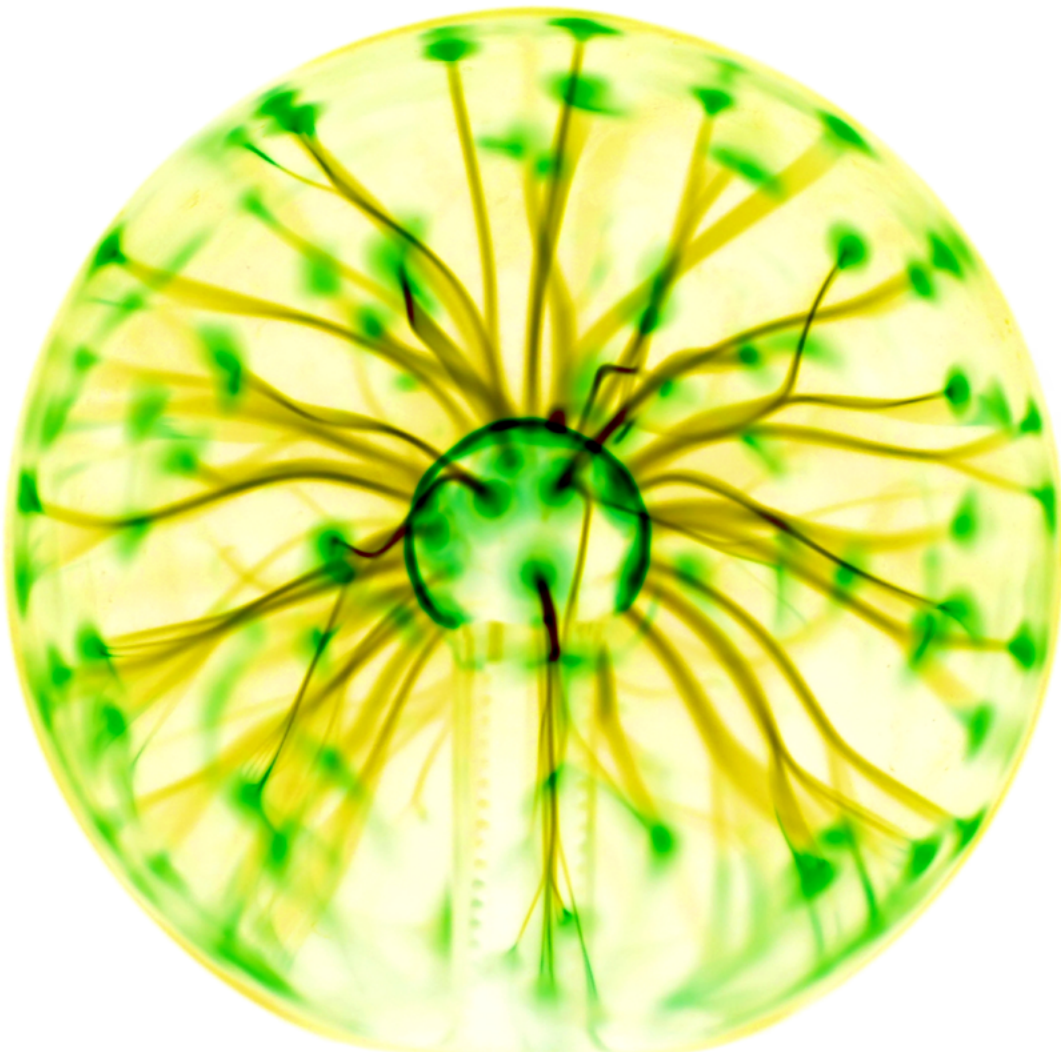

Power and Utilities

FERC Audit Findings

December 2020 (January 2015 through December 2019)

Deloitte.

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To Our Clients, Colleagues, and Other Friends:

Over the past decade, the Federal Energy Regulatory Commission (FERC) has been active in conducting audits of its jurisdictional companies. The emergence of formula rates, among other factors, has increased the sensitivity of these audits to financial results, with the outcome of many audits resulting in refunds to customers. A significant contributing factor to these findings can be misinterpretation of the Uniform System of Accounts (USoA), an accounting system that has existed for over half a century and is mandatory for all companies under FERC jurisdiction.

The USoA is a basis of accounting that differs from accounting principles generally accepted in the United States of America. As a result of these differences, evolving resources and expertise at both FERC and jurisdictional utilities, and lack of a single, accessible compendium of USoA requirements, effective application of the USoA has been difficult. To help you meet these potential needs, Deloitte, Edison Electric Institute (EEI) and the American Gas Association (AGA) are collaborating on an initiative to develop educational materials to increase knowledge of the requirements of the USoA.

This publication is one contribution to the initiative and summarizes FERC audit findings from 2015-2019, categorized by subject matter. The findings were collected via research of the online database of documents submitted to and issued by the FERC, eLibrary. This edition was updated from our June 2019 publication to include 2019 findings. All comments with a 2019 date are new to the publication this year. All of the information contained herein is publicly available but has been brought together in a curated form to assist you in researching and applying the USoA. Individual comments may repeat in this summary more than once if the comment addresses multiple topics. Throughout this document, certain affiliates and subsidiaries of the related company are represented by the abbreviation used by the company to describe such affiliates and subsidiaries.

We hope the collection and summarization of these findings will bring added efficiency and effectiveness to research of accounting matters concerning the USoA and will facilitate your ongoing work in applying its accounting requirements.

We hope you find this summary of FERC audit findings to be a useful resource. We intend to update this document annually and we welcome your feedback so that we may be able to make improvements to future versions. Please also visit us at www.deloitte.com for more information. Also visit our partners in this initiative at EEI (EEI.org) and AGA (AGA.org).

As always, we encourage you to contact your Deloitte team for additional information and assistance.

Sincerely,

William P. Graf
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Formula rate

Company	Docket Number	Date	Summary of finding
Exelon Corporation	PA18-3-000	11/21/2019	**Merger-Related Regulatory Assets –** BG&E improperly included the amortization of merger-related regulatory assets approved by a retail regulator in wholesale transmission formula rates. As a result, BG&E overstated its wholesale transmission revenue requirements and overbilled its wholesale customers by approximately $1.4 million.
Exelon Corporation	PA18-3-000	11/21/2019	**Transmission Formula Rate Allocators –** Exelon's public utilities improperly included merger-related costs in their transmission formula rate allocators when they computed wholesale transmission revenue requirements. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements, which led to overbilling wholesale transmission customers by approximately $333,056.
Exelon Corporation	PA18-3-000	11/21/2019	**Merger Commitment Costs –** Exelon's public utilities improperly included merger commitment costs for the Exelon and PHI merger in their transmission revenue requirements. As a result, Exelon's public utilities overstated their transmission revenue requirements, which led to overbilling wholesale transmission customers.
Exelon Corporation	PA18-3-000	11/21/2019	**Amortization of Retail Regulatory Asset –** Exelon's public utilities improperly recorded the amortization of certain regulatory assets and improperly included the amortization of the regulatory assets in their wholesale transmission formula rates without Commission approval to recover such amounts. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements and overbilled their wholesale customers.
National Grid USA	FA16-2-000	11/15/2019	**Depreciation Expense of Service Companies Assets –** National Grid USA Service Company (NGUSASCo) and National Grid Engineering & Survey Inc. (NGE&S) used improper composite depreciation rates to determine depreciation expense accrued on certain property. This led the two service companies to accrue depreciation expense at rates not consistent with Commission accounting rules. The service companies then allocated and billed the incorrectly calculated depreciation expense to their public utility and nonutility affiliates. As a result, amounts billed to public utility affiliates with transmission formula rates were included in the rates charged to wholesale transmission customers.
National Grid USA	FA16-2-000	11/15/2019	**Cost Allocation Methodologies –** NGUSASCo and NGE&S did not consistently use their documented cost allocation methods, nor timely update their general ledger system to reflect changes in the allocation percentages actually used to bill affiliates. These errors led the service companies to over allocate costs to certain National Grid public utility subsidiaries, and these public utilities in turn overbilled their respective wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
National Grid USA	FA16-2-000	11/15/2019	**Cost Allocation Methodologies –** NGUSASCo and NGE&S did not consistently use their documented cost allocation methods, nor timely update their general ledger system to reflect changes in the allocation percentages actually used to bill affiliates. These errors led the service companies to over allocate costs to certain National Grid public utility subsidiaries, and these public utilities in turn overbilled their respective wholesale transmission customers.
National Grid USA	FA16-2-000	11/15/2019	**Industry Association Dues –** NGUSACo improperly accounted for and allocated a portion of the cost of its gas and electric industry associations' membership dues to National Grid's public utility subsidiaries. As a result, National Grid's public utility subsidiaries improperly included the lobbying component of industry association payments in their wholesale transmission rates.
National Grid USA	FA16-2-000	11/15/2019	**Donations –** NGUSASCo improperly recorded certain donations to Account 921, Office Supplies and Expenses, and Account 930.2, Miscellaneous General Expenses, instead of Account 426.1, Donations, as required by Commission regulations. Amounts recorded in Accounts 921 and 930.2 were allocated to National Grid's public utility subsidiaries and other affiliates and accounted for by the entities using the same accounts, and for some public utility subsidiaries were included as inputs to their respective wholesale transmission formula rate cost recovery mechanisms. As a result, in some years National Grid's public utility subsidiaries improperly included the donations in their wholesale transmission rates.
Cleco Power LLC	FA18-3-000	9/27/2019	**Excess Accumulated Deferred Income Tax Labilities –** Cleco Power improperly excluded excess and deficient Accumulated Deferred Income Tax (ADIT), created as a result of the 2017 Tax Cut and Jobs Act, in its wholesale transmission formula rate computation. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $9.6 million and overbilled wholesale transmission customers during 2018 and 2019 rate years.
Cleco Power LLC	FA18-3-000	9/27/2019	**Merger Cost –** Cleco Power improperly included approximately $9.1 million of merger-related internal labor costs and debt cancellation cost in its wholesale transmission formula rate cost determinations without first submitting a section 205 filing with the Commission. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $389,000 and overbilled wholesale transmission customers from 2015 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Jointly Owned Assets –** Cleco Power improperly recorded the cost of a transmission asset it did not own in Account 353, Station Equipment, and improperly included the cost of the transmission asset it did not own in its transmission formula rate for the purpose of computing billings to wholesale transmission customers. As a result, Cleco Power overstated its wholesale transmission revenue requirements by approximately $89,000 and overbilled wholesale transmission customers from 2014 to 2016.

Company	Docket Number	Date	Summary of finding
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Legal Settlements –** Cleco Power improperly recorded $100,000 for compromised settlement payments it made for a discriminatory employment practice suit in Account 921, Office Supplies and Expenses, instead of Account 426.5, Other Deductions. As a result, Cleco Power overstated its wholesale transmission revenue requirements and overbilled its wholesale transmission customers for that amount.
Cleco Power LLC	FA18-3-000	9/27/2019	**Electric Plant Held for Future Use –** Cleco Power improperly recovered the cost of generation, distribution and gas pipeline assets recorded in Account 105, Electric Plant Held for Future Use, through its wholesale transmission formula rates. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $158,000 and overbilled wholesale transmission customers from 2014 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Other Accounting Misclassifications –** Cleco Power improperly accounted for various expenses totaling approximately $481,000 in its books and records from 2014 to 2018. These expenses were included in wholesale transmission formula rate determinations. As a result, Cleco Power overstated its wholesale transmission revenue requirement and overbilled wholesale transmission customers.
Cleco Power LLC	FA18-3-000	9/27/2019	**Allowance for Funds Used During Construction –** Cleco Power's method for computing Allowance for Funds Used During Construction (AFUDC) improperly grossed-up the return on equity rate used in computing AFUDC and, improperly included Account 216.1, Unappropriated Undistributed Subsidiary Earnings (Major only), in the equity component when computing the AFUDC rate. In addition, Cleco Power improperly recorded approximately $24 million of AFUDC debt amounts in Account 182.3, Other Regulatory Assets, instead of Account 101, Electric Plant in Service, and improperly recorded accumulated deferred income tax equity gross-up in Account 282, Accumulated Deferred Income Taxes-Other Property, instead of in Account 283, Accumulated Deferred Income Taxes-Other. As a result of grossing-up the return on equity rate, Cleco Power's AFUDC rates were higher than the maximum rates permitted by the Commission, which led to Cleco Power accruing excess AFUDC on capital projects of approximately $72 million. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $600,000 and overbilled its wholesale transmission customers from 2014 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Merger Accumulated Deferred Income Taxes –** Cleco Power improperly included accumulated deferred income taxes related to merger commitment costs in its wholesale transmission formula rates. As a result, Cleco Power overstated its wholesale transmission revenue requirements by approximately $133,000 and overbilled its wholesale transmission customers from 2017 to 2018.

Company	Docket Number	Date	Summary of finding
Cleco Power LLC	FA18-3-000	9/27/2019	**Transmission Revenue Credits –** Cleco Power improperly recorded rental revenue from its affiliate in Account 455, Interdepartmental Rents, instead of in Account 454, Rent from Electric Property. As a result, Cleco Power understated the revenue credits included in its wholesale transmission formula rates, which led to an overstatement of its wholesale transmission revenue requirements by approximately $100,000 and overbilled its wholesale transmission customers from 2016 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Electric Generation Renewable Expenses –** Cleco Power improperly recorded operating and maintenance costs associated with an electric generation renewable plant in Account 923, Outside Services Employed, instead of in Account 553, Maintenance of Generating and Electric Equipment (Major Only). Cleco Power improperly included the operating and maintenance costs associated with the electric generation renewable plant in its transmission formula rate for the purpose of computing billings to wholesale
Ohio Power Company	FA17-2-000	9/6/2019	**Revenue Credits –** Ohio Power understated its revenue credits that are used to reduce the revenue requirement of its transmission formula rate by improperly excluding certain transmission-related revenues – specifically pole attachment revenue, causing an overstatement of its revenue requirement. This overstatement resulted in excess billings to wholesale transmission customers.
Ohio Power Company	FA17-2-000	9/6/2019	**Customer Funded Capital Projects –** Ohio Power did not properly return amounts collected in transmission rates in excess of its total investment on certain customer funded projects.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Accounting for Compromise Settlements –** XES incorrectly recorded approximately $150,000 in payments resulting from compromise settlements in its operating expense accounts, rather than in Account 426.5, Other Deductions, as required. Further, XES allocated these costs to the Xcel utilities, who also incorrectly recorded the costs above-the-line, in operating expense accounts. These operating expense accounts were included in the utilities' wholesale transmission formula rate mechanisms. As a result, Xcel's utilities overstated their wholesale transmission revenue requirement used to bill transmission customers.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Accounting for Prepayments –** NSPM misclassified certain costs in Account 165, Prepayments, resulting in an overstatement of the account. The misclassifications in Account 165 resulted in an overstatement of NSPM's rate base used in the wholesale transmission formula rate calculations and overbillings to wholesale transmission customers.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Income Tax Receivables –** NSPM incorrectly recorded an income tax receivable that represented a refund for a tax overpayment in Account 165, Prepayments, instead of in Account 143, Other Accounts Receivable. The incorrect accounting led to an overstatement of NSPM's rate base used in its wholesale transmission formula rate calculations and overbillings to wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Accounting for Miscellaneous Expenses –** NSPM's accounting classifications for some expenses were not consistent with the requirements of the Uniform System of Accounts. In addition, there were instances when the accounting misclassifications led to improper amounts being included in the wholesale transmission formula rate and NSPM overbilling its wholesale transmission customers.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Allowance for Funds Used During Construction (AFUDC) –** Certain AEP jurisdictional utilities' method for computing Allowance for Funds Used During Construction (AFUDC) improperly included Account 219, Accumulated Other Comprehensive Income, in the equity component of the formula and improperly determined the AFUDC rate on a monthly basis. As a result, three jurisdictional utilities over accrued AFUDC on transmission plant by approximately $6.1 million from 2012 through 2017. The three jurisdictional utilities overbilled wholesale transmission customers for the excessive AFUDC costs included in utility plant that was included in transmission formula rates.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Merger-Related Cost –** AEP jurisdictional utilities improperly included approximately $295,000 of merger-related capital costs in transmission formula rate determinations without first making a compliance filing under section 205 of the Federal Power Act. As a result, wholesale transmission customers were overbilled due to the inclusion of merger costs.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Accounting for Administrative and General Expenses –** AEPSC misclassified various administrative and general labor, membership dues, outside services, and advertising expenses among various administrative and general expense accounts. In addition, AEPSC allocated and billed these costs to the jurisdictional utilities, and these utilities then misclassified these costs in their FERC Form No. 1 filings. As a result, the improper accounting for certain administrative and general expenses led to overbillings to wholesale transmission customers through the jurisdictional utilities' formula rate mechanisms
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Cost of Long-Term Debt –** BHP calculated the cost rate of long-term debt in its 2014 transmission formula rate true-up using a method not consistent with Commission requirements, which resulted in a higher long-term debt cost rate than permitted.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Payroll Taxes –** BHP incorrectly accounted for its utility and non-utility operating income payroll taxes. In addition, BHP improperly included payroll taxes in its transmission formula rate calculations. As a result, BHP overstated its transmission formula rate revenue requirement by approximately $862,000 from 2010 to 2015. This resulted in BHP overcharging wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Accounting for Computer Software and Hardware Costs –** BHP improperly accounted for software maintenance costs. In addition, BHP recorded interest accruals on software and hardware that were ready for service, which resulted in BHP overstating their cost. BHP included the costs in its transmission formula rate determinations, which resulted in it overstating its transmission formula rate revenue requirement and overcharging wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Accounting for Legal Expenses –** BHP improperly accounted for the cost of litigation services received in 2013 by double counting certain expenses. BHP's accounting impacted cost inputs to the 2014 transmission formula rate true-up and led it to overstate its transmission formula rate revenue requirement and overcharge wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Miscellaneous Accounting Misclassifications –** BHP improperly accounted for various expenses in its books and records. These expenses were included in transmission formula rate determinations. As a result, BHP overstated its transmission formula rate revenue requirement and overcharged wholesale transmission customers.
Entergy Gulf States Louisiana, L.L.C.	FA15-10-000	2/21/2018	**Accounting for Lobbying Expenses –** EGSL incorrectly recorded lobbying costs associated with industry association dues in an operating expense accounting in 2012. This misclassification resulted in improper recovery of lobbying costs through EGSL's transmission formula rate.
Entergy Arkansas, Inc.	FA15-11-000	2/21/2018	**Accounting for Lobbying Expenses –** EAI incorrectly recorded lobbying costs associated with industry association dues in an operating expense account in 2012. This misclassification resulted in improper recovery of lobbying costs through EAI's transmission formula rate.
American Transmission Company LLC	FA16-1-000	2/14/2018	**Inclusion of Construction Work in Progress in Rate Base –** ATC improperly implemented certain aspects of its settlement order involving incentive rate treatment for Construction Work in Progress (CWIP) included in rate base. Specifically, ATC improperly collected an incentive return from its customers for construction projects that were: (1) never submitted by ATC to MISO for inclusion in the MISO Transmission Expansion Plan (MTEP) and (2) submitted but not yet approved by MISO's Board of Directors in the MTEP. As a result, ATC overbilled its customers an excessive incentive return amounting to approximately $20,000,000.
American Transmission Company LLC	FA16-1-000	2/14/2018	**Accounting for Lobbying Costs –** ATC did not properly account for costs charged to it associated with ATC Management Inc.'s internal lobbyist. ATC recorded the lobbying costs in an operating account instead of using a nonoperating expense account. As a result, ATC improperly recovered these costs through its transmission formula rate.

Company	Docket Number	Date	Summary of finding
Alabama Power Company	FA15-7-000	9/26/2017	**Income Tax Receivables –** In 2014 and 2015, Alabama Power inappropriately included amounts representing income tax receivables recorded in Account 143, Other Accounts Receivable in its wholesale formula rate recovery mechanism through Account 165, Prepayments, and a deferred income tax rate adjustment which improperly billed wholesale customers a return on the income tax receivable. In addition, Alabama Power did not provide refunds to wholesale customers for a return improperly billed to them when Alabama Power's tax overpayments recorded in Account 165 were not used to reduce the 2014 and 2015 consolidated income tax liability. Both rate adjustments to the formula rate recovery mechanism inflated the transmission revenue requirement and incorrectly increased billings to Alabama Power's wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Asset Retirement Obligations –** Alabama Power inappropriately excluded accumulated depreciation balances from wholesale transmission formula rate determinations that it removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, following an accounting adjustment related to AROs in 2005. As a result, Alabama Power understated accumulated depreciation balances in its wholesale transmission formula rate by approximately $19.3 million since 2005, which had an impact on billings to its wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Regulatory Assets –** Alabama Power inappropriately included a regulatory asset associated with unpaid holiday pay in wholesale formula rate determinations. As a result, Alabama Power improperly billed its wholesale customers a return on the regulatory asset for unpaid holiday pay that resulted in no outlay of cash.
Gulf Power Company	FA15-5-000	9/26/2017	**Income Tax Receivables –** In 2014, Gulf Power improperly accounted for income tax receivables due from Southern Company Services (SCS) for tax overpayments in Account 165, Prepayments. For 2015, Gulf Power changed its accounting policy to correctly record income tax receivables in Account 143, Other Accounts Receivables. However, Gulf Power inappropriately included amounts representing income tax receivables in its formula rate recovery mechanism through (1) its use of improper accounting in Account 165 in 2014 and (2) a rate only adjustment in 2015 made to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the improper accounting and the rate only adjustment inflated the transmission revenue requirement and incorrectly increased billings to Gulf Power's wholesale customers.
Gulf Power Company	FA15-5-000	9/26/2017	**Asset Retirement Obligations –** Gulf Power inappropriately excluded accumulated depreciation balances from wholesale transmission formula rate determinations that it removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, in the years following an accounting adjustment related to asset retirement obligations (AROs) in 2005. As a result, Gulf Power understated accumulated depreciation balances in its wholesale transmission formula rate by approximately $9.9 million since 2005, which had an impact on billings to its wholesale customers.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Income Tax Receivables –** In 2014, Georgia Power improperly booked in Account 165, Prepayments, income tax receivables due from Southern Company Services, Inc. (SCS) for tax overpayments. Georgia Power changed its accounting policy in 2015 to correctly record income tax receivables in Account 143, Other Accounts Receivables. Nonetheless, Georgia Power improperly included amounts representing income tax receivables in its wholesale formula rate recovery mechanism through the use of the incorrect accounting in Account 165. Also, in 2015 Georgia Power made an adjustment in its wholesale formula rate recovery mechanism to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the incorrect accounting and formula rate adjustment overstated the transmission revenue requirement and resulted in increased billings to Georgia Power's wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Commitment Fees –** Georgia Power improperly accounted for upfront fees paid associated with revolving line of credit agreements in Account 165, Prepayments, and quarterly commitment and letter of credit fees on the agreements in Account 930.2, Miscellaneous General Expenses. In addition, Georgia Power inappropriately amortized the upfront fees paid to Account 930.2. The accounting misclassifications of the fees overstated the transmission revenue requirement and resulted in overbillings to Georgia Power's wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Regulatory Assets –** Georgia Power inappropriately included regulatory assets associated with retail-related storm damage costs and unpaid vacation pay in wholesale formula rate determinations without specific Commission authorization. As a result, Georgia Power improperly billed its wholesale customers a return on the regulatory asset for: (1) storm damage costs that were not incurred to repair or restore transmission facilities and (2) unpaid vacation pay that resulted in no outlay of cash.
Georgia Power Company	FA15-6-000	9/26/2017	**Cancelled Production Projects –** Georgia Power improperly wrote-off the costs of cancelled production projects accounted for in Account 183, Preliminary Survey and Investigation Charges to Account 930.2, Miscellaneous General Expenses. As a result, Georgia Power inappropriately overbilled its wholesale customers due to the inclusion of unauthorized production-related cost included in the wholesale transmission rates.
Gulf Power Company	FA15-5-000	9/26/2017	**Formula Rate Errors –** Gulf Power's formula rate true-up filings contained erroneous formula implementations for Gulf Power. This occurred because Gulf Power's wholesale formula rate filings inappropriately contained data inputs and calculations not provided for by its formula rate recovery mechanism. As a result, Gulf Power overstated its return on transmission rate base during the audit period, resulting in overbillings to its wholesale customers.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Asset Retirement Obligations –** Georgia Power inappropriately included accumulated depreciation balances in wholesale transmission formula rate determinations that it recorded in Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, following an accounting adjustment related to asset retirement obligations (AROs) in 2005. As a result, Georgia Power overstated accumulated depreciation balances in its wholesale transmission formula rate by approximately $9.5 million since 2005, which had an impact on billings to its wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Formula Rate Errors –** Georgia Power made several errors in determining billings to wholesale transmission customers. This occurred because Georgia Power's wholesale formula rate filings inappropriately contained data inputs and calculations not provided for by its formula rate recovery mechanism. As a result of these errors, Georgia Power overbilled its wholesale customers during the audit period.
Alabama Power Company	FA15-7-000	9/26/2017	**Formula Rate Errors –** Alabama Power made several errors in determining formula rate billings to wholesale customers. This occurred because Alabama Power's wholesale formula rate true-up filings inappropriately contained data inputs and calculations not provided for by its formula rate recovery mechanism. As a result of these errors, Alabama Power overbilled its wholesale customers during the audit period.
Mississippi Power Company	FA15-8-000	9/26/2017	**Formula Rate Errors –** Mississippi Power made several errors in determining formula rate billings to wholesale customers. This occurred because Mississippi Power's formula rate true-up filings inappropriately contained data inputs and calculations not provided for by its formula rate recovery mechanism. As a result of these errors, Mississippi Power overbilled its wholesale customers during the audit period.
Gulf Power Company	FA15-5-000	9/26/2017	**Other Special Funds Related to Storm Damages –** Gulf Power incorrectly overstated the wholesale transmission rate base by retail related storm damage investments and associated earnings on such investments. As a result, Gulf Power overstated its revenue requirement and overbilled its wholesale customers in years prior to and during the audit period.
Gulf Power Company	FA15-5-000	9/26/2017	**Other Special Funds Related to Storm Damages –** Gulf Power incorrectly overstated the wholesale transmission rate base by retail related storm damage investments and associated earnings on such investments. As a result, Gulf Power overstated its revenue requirement and overbilled its wholesale customers in years prior to and during the audit period.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Regulatory Assets –** Georgia Power inappropriately included regulatory assets associated with retail-related storm damage costs and unpaid vacation pay in wholesale formula rate determinations without specific Commission authorization. As a result, Georgia Power improperly billed its wholesale customers a return on the regulatory asset for: (1) storm damage costs that were not incurred to repair or restore transmission facilities and (2) unpaid vacation pay that resulted in no outlay of cash.
PacifiCorp	FA16-4-000	8/29/2017	**Mining Assets –** PacifiCorp inappropriately recovered from its wholesale customers the cost of production related mining assets through its wholesale formula rates. As a result, PacifiCorp overstated its wholesale transmission revenue requirement by approximately \$3.7 million, which led to overbillings to third-party wholesale customers by approximately \$600,000.
PacifiCorp	FA16-4-000	8/29/2017	**Amortization of Regulatory Assets –** PacifiCorp inappropriately included amortization of regulatory assets in its wholesale formula rates. As a result, PacifiCorp overstated its wholesale transmission revenue requirement by approximately \$800,000, which led to overbillings to third-party wholesale customers of approximately \$100,000.
PacifiCorp	FA16-4-000	8/29/2017	**Injuries and Damages Accounting and Costs Recovery –** PacifiCorp improperly classified injuries and damages accruals and recovered those costs through its wholesale formula rates when it had insurance policies to cover the cost of those damages. As a result, PacifiCorp overstated its wholesale transmission revenue requirement by approximately \$2.9 million, which led to overbillings to third-party wholesale customers by approximately \$400,000.
PacifiCorp	FA16-4-000	8/29/2017	**Asset Retirement Obligations –** PacifiCorp's accounting and rate treatment of Asset Retirement Obligations (ARO) were deficient as follows: • PacifiCorp inappropriately excluded accumulated depreciation amounts removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, to implement ARO accounting in the wholesale formula rates determinations. As a result, PacifiCorp understated its wholesale transmission revenue requirement which led to under-billings to its wholesale customers through its wholesale formula rates. • PacifiCorp inappropriately included estimated future asset retirement costs recorded in General Plant in its wholesale formula rate base. As a result, PacifiCorp overstated its wholesale transmission revenue requirement, which led to overbillings to its wholesale customers. As a result of the deficiencies, PacifiCorp under-billed its wholesale customers through its wholesale formula rates.

Company	Docket Number	Date	Summary of finding
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded distribution plant amounts in transmission accounts that are included in the wholesale transmission formula rate. As a result, Westar overstated various transmission accounts and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded distribution plant amounts in transmission accounts that are included in the wholesale transmission formula rate. As a result, KGE overstated various transmission accounts and overbilled wholesale transmission customers.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded nonoperating expenses in operating expense accounts that are included in the wholesale transmission formula rate. Specifically, Westar improperly recorded labor expenses associated with Westar's employees performing nonoperating activities on behalf of the Westar Energy Foundation (WEF). Westar improperly recorded the labor expenses due to insufficient controls over the employees who work on WEF activities. As a result, Westar overstated various operating expense accounts and overbilled wholesale transmission customers.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded costs associated with discriminatory employment practices in various administrative and general (A&G) accounts, instead of using Account 426.5, Other Deductions. As a result, Westar overstated various A&G expense accounts, which are included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded corporate-owned life insurance (COLI) expenses for officers and other employees for policies in which Westar is the beneficiary in Account 926, Employee Pensions and Benefits, instead of Account 426.2, Life Insurance. As a result, Westar overstated Account 926, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded nonoperating expenses in operating expense accounts that are included in the wholesale transmission formula rate. Specifically, KGE improperly recorded labor expenses associated with Westar employees performing nonoperating activities on behalf of the Westar Energy Foundation (WEF). KGE improperly recorded the labor expenses due to insufficient controls over the employees who work on WEF activities. As a result, KGE overstated various operating expense accounts and overbilled wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded costs associated with discriminatory employment practices in Account 920, Administrative and General Salaries, instead of using Account 426.5, Other Deductions. As a result, KGE overstated Account 920, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers. Based on this improper accounting, KGE only recorded ARO amounts in balance sheet accounts and not income statement accounts. Also, KGE improperly included Account 359.1, Asset Retirement Costs for Transmission Plant, in its wholesale transmission formula rate calculations without seeking Commission approval. As a result, KGE overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded corporate-owned life insurance (COLI) expenses for officers and other employees for policies in which Westar is the beneficiary in Account 926, Employee Pensions and Benefits, instead of Account 426.2, Life Insurance. As a result, KGE overstated Account 926, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Entergy Corporation	FA15-13-000	4/19/2016	The Entergy Operating Companies recorded merger-related costs in operation and maintenance (O&M) and administrative and general (A&G) expense accounts rather than in Account 426.5, Other Deductions, as required by Commission precedent. The improper accounting led to overstatements of O&M and A&G expenses in the Entergy Operating Companies' FERC Form No. 1 filings. Additionally, the Entergy Operating Companies inappropriately included some merger-related costs in transmission formula rate calculations.
ITC Holdings Corporation	FA15-14-000	4/19/2016	**Non compliance related to ITC Operating Companies accounting and rate recovery for merger related costs -** The ITC Operating Companies recorded merger-related costs in operating accounts included in the determination of transmission formula rate billings, rather than in Account 426.5, Other Deductions, as required by Commission precedent. The improper accounting led to inappropriate recovery of the merger-related costs in transmission formula rate billings.
Emera Maine	PA15-4-000	1/4/2016	**Merger-related Capital Costs -** Emera Maine inappropriately included the costs of four merger-related capital initiatives in its formula rate recovery mechanisms without first making a compliance filing under section 205. These capital initiatives were initiated to effectuate the merger between Bangor Hydro and Maine Public Service Company. This resulted in Emera Maine overcharging wholesale transmission formula rate customers.

Company	Docket Number	Date	Summary of finding
Emera Maine	PA15-4-000	1/4/2016	**Merger-related Expenses –** Emera Maine did not properly record certain merger-related expenses incurred to consummate the merger transaction to appropriate nonoperating expense accounts as required by Commission regulations. In addition, Emera Maine inappropriately included costs of merger-related activities through its formula rate recovery mechanisms without first making a compliance filing under section 205. As a result, the company improperly recovered merger-related expenses through its formula rate recovery mechanisms.
Exelon Corporation	PA13-15-000	12/22/2015	**Prepaid Pension Asset –** There was a noteworthy upward trend in the prepaid pension asset balance included in ComEd's transmission formula rate calculations.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Revenues for Transmission of Electricity of Others –** PSCo understated the revenue credits used to reduce the revenue requirement of its transmission formula rate due to misreported customer information in the FERC Form No.1, Account 456.1, Transmission of Electricity for Others. As a result, PSCo overstated its revenue requirement by $105,146 and $199,253 in 2010 and 2011, respectively. This led to excess billings to wholesale transmission
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Generator Interconnection Facilities –** PSCo's inclusion of costs associated with generation interconnection facilities was inconsistent with the protocols of its transmission formula rate mechanism. These protocols specifically state that generation interconnection facilities should be removed from its transmission formula rate. As a result, PSCo overbilled wholesale transmission customers by $1,601.
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**Accounting for Political Activities:** BGE inappropriately accounted for costs related to political action committees in Account 921, Office Supplies and Expenses, instead of Account 426.4, Expenditures for Certain Civic, Political, and Related Activities. Also, BGE improperly included these amounts in its formula rate. As a result of the accounting misclassification, BGE overstated billings to its wholesale transmission customers.
Union Electric Company	FA13-2-000	3/27/2015	Improperly included non-safety related advertising expense in formula rate billings to wholesale transmission customers from 2008 through 2010. This error led to an over-recovery of $64,874 from wholesale transmission customers.
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly classified power production in administrative and general (A&G) accounts. These incorrect account classifications impacted formula rate billings to wholesale transmission customers. As a result, Union Electric overbilled its wholesale transmission customers by $66,208.

Company	Docket Number	Date	Summary of finding
Union Electric Company	FA13-2-000	3/27/2015	Did not have Commission approval to include certain aspects of its asset retirement obligation (ARO) in formula rate determinations. Audit staff concluded Union Electric's improper inclusion of ARO balances in its wholesale formula rate calculations affected the net and gross plant allocator by amounts the Company recorded in Account 101, Electric Utility Plant, and Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, from 2007 to 2011. Due to the incorrect inclusion of the ARO in formula rate determinations, net and gross plant allocators slightly overstated amounts used in calculating rate base and the revenue requirement.
Union Electric Company	FA13-2-000	3/27/2015	Union Electric improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liabilities in Account 165, Prepayments. Since Union Electric's federal and state income tax liability was zero in 2009, the tax overpayments made to Ameren's parent company which pays its federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivables account under the Commission accounting regulations because the company subsequently received refunds from the parent company for such overpayments. This improper accounting classification resulted in overbillings to wholesale transmission customers that totaled approximately $424,470 in 2009.
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly recorded refunds expected from federal and state taxing authorities in Account 165, Prepayments, instead of booking the refund obligation in the appropriate account for receivables. Since Union Electric's formula rate recovery mechanism permitted it to earn a return on amounts improperly included in Account 165, the improper accounting resulted in overbillings to wholesale transmission customers estimated at $264,691.
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly classified several charges to the wrong accounts. As a result of these errors, formula rate determinations may have been impacted.
Union Electric Company	FA13-2-000	3/27/2015	From June 1, 2004 to present, improperly used depreciation rates approved by its state regulator rather than the Commission when accruing and recording depreciation expense associated with transmission and general utility plant included in formula rate determinations and billings to wholesale transmission customers without making a filing under section 205 of the Federal Power Act (FPA).
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly classified several charges to the wrong accounts. As a result of these errors, formula rate determinations may have been impacted.
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly included approximately $41,000 of internal labor merger costs in the determination of formula rate billings to wholesale transmission customers. Also, Ameren Illinois may have erroneously billed wholesale transmission customers for internal labor costs capitalized to utility plant.

Company	Docket Number	Date	Summary of finding
Ameren Illinois Company	FA13-1-000	2/14/2015	Did not follow the protocols required by its MISO Attachment O formula rate in three instances, which led to an over-recovery in formula rate billings to wholesale transmission customers. Specifically, Ameren Illinois: 01. Did not incorporate all applicable revenue credits, which reduce the revenue requirement; 02. Improperly included advertising expenses other than those related to safety education; and 03. Incorrectly included regulatory commission expenses directly related to distribution services. These errors led to a net overstatement of the Attachment O revenue requirement of approximately $328,814 from 2008 to 2012.
Ameren Illinois Company	FA13-1-000	2/14/2015	Misclassified amounts in various A&G Accounts, which led to an overstatement of the Attachment O revenue requirement and overbillings to wholesale transmission customers.
Ameren Illinois Company	FA13-1-000	2/14/2015	Did not have Commission approval to include certain aspects of its asset retirement obligation (ARO) in formula rate determinations. Additionally, Ameren Illinois employed accounting techniques in certain years that caused the ARO asset to have a negative balance.
Ameren Illinois Company	FA13-1-000	2/14/2015	From the inception of the formula rate in 2002 until January 1, 2013, Ameren Illinois used depreciation rates for transmission and general utility plant that were not on file with the Commission. During this period, the Company improperly used depreciation rates approved by its state regulator for transmission and general utility plant and included such depreciation amounts in formula rate determinations and billings to wholesale transmission customers.
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liability in Account 165, Prepayments. Since Ameren Illinois' federal and state income tax liability was zero in 2009, tax overpayments were made to Ameren's parent company that then paid the federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivable account under the Commission's accounting regulations because Ameren Illinois subsequently received refunds from the parent company for such overpayments. This improper accounting classification led to an overstatement of the Attachment O revenue requirement which resulted in overbilling to wholesale transmission customers.
Ameren Illinois Company	FA13-1-000	2/14/2015	Incorrectly recorded refunds expected from the federal and state taxing authorities (taxing authorities) in Account 165, Prepayments instead of booking the refund obligation in the appropriate account for receivables. Since Ameren Illinois' formula rate recovery mechanism permitted it to earn a return on amounts included in Account 165, the improper accounting resulted in an overstatement of the Attachment O revenue requirement which resulted in overbillings to wholesale transmission.

AFUDC

Company	Docket Number	Date	Summary of finding
Cleco Power LLC	FA18-3-000	9/27/2019	**Equity balance and return on equity rate –** Cleco Power's method for computing Allowance for Funds Used During Construction (AFUDC) improperly grossed-up the return on equity rate used in computing AFUDC and, improperly included Account 216.1, Unappropriated Undistributed Subsidiary Earnings (Major only), in the equity component when computing the AFUDC rate. In addition, Cleco Power improperly recorded approximately $24 million of AFUDC debt amounts in Account 182.3, Other Regulatory Assets, instead of Account 101, Electric Plant in Service, and improperly recorded accumulated deferred income tax equity gross-up in Account 282, Accumulated Deferred Income Taxes-Other Property, instead of in Account 283, Accumulated Deferred Income Taxes-Other. As a result of grossing-up the return on equity rate, Cleco Power's AFUDC rates were higher than the maximum rates permitted by the Commission, which led to Cleco Power accruing excess AFUDC on capital projects of approximately $72 million. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $600,000 and overbilled its wholesale transmission customers from 2014 to 2018.
Avista Corporation	PA18-2-000	9/19/2019	**Capitalization of System Planning Costs –** Avista improperly capitalized system planning costs of approximately $2.8 million as a cost of plant through its CWIP between 2014 and 2017. When subsequently correcting this error, by removing approximately $2.6 million from the cost of plant, Avista did not remove the related accumulated provision for depreciation, current and deferred income taxes, and AFUDC.
Avista Corporation	PA18-2-000	9/19/2019	**Accounting for Deferred Income Taxes – AFUDC –** Avista's methods for accounting for Deferred Income Taxes related to the equity component of the AFUDC rate were deficient as follows: • Avista incorrectly recorded a debit in Account 410.1, Provision for Deferred Income Taxes, based on the amount of the equity component of AFUDC included in income Account 419.1, Allowance for Other Funds Used During Construction, and credited Account 282, Accumulated Deferred Income Taxes – Other Property. Avista should have recorded the deferred tax debit amount in Account 182.3, Other Regulatory Assets. • Avista should have recorded a gross up for the income taxes related to the equity component of AFUDC in Account 182.3, Other Regulatory Assets, and a related offset as a deferred income tax liability in Account 283, Accumulated Deferred Income Taxes – Other. As a result of the foregoing improper accounting, Avista overstated the Deferred Income Tax expense included in its Income Statement for 2015 through 2017 by approximately $8.4 million.

Company	Docket Number	Date	Summary of finding
Avista Corporation	PA18-2-000	9/19/2019	**Inappropriate Inputs into Calculation of AFUDC –** Avista's methods for calculating and accounting for its AFUDC rate were deficient and caused Avista's AFUDC to exceed the maximum AFUDC permitted by the Commission's regulations, as follows: • Avista included revolving credit facility commitment fees (up-front and quarterly) as part of short-term debt interest expense to compute its AFUDC rate. Avista did not have Commission approval, required by Order No. 561-A, to include revolving credit facility commitment fees in the calculation of its AFUDC rate. • Avista incorrectly included Account 216.1, Unappropriated Undistributed Subsidiary Earnings, as part of the equity component for the purpose of computing its AFUDC rate. • Avista incorrectly included Account 219, Accumulated Other Comprehensive Income (AOCI), as part of the equity component for the purpose of computing its AFUDC rate. • Avista used monthly Equity and Long-Term Debt balances in AFUDC rate development instead of the using the balances for Equity and Long-Term Debt existing at the end of the prior year. • Avista excluded Account 234, Notes Payable to Associated Companies, in the computation of its AFUDC rate instead of including Account 234 as a short-term financing source – i.e., in the short-term debt component for purposes of calculating its AFUDC rate. • Avista accounted for the excess arising from higher state-approved AFUDC over AFUDC as computed in accordance with the Commission's accounting regulations as a cost of plant in Account 101, Electric Plant in Service, through Account 107, Construction Work In Progress, instead of recording the excess in Account 182.3, Other Regulatory Assets. As a result of these methods, Avista overstated AFUDC by approximately $19.7 million for the period 2015 through 2017.
	FA18-2-000	6/25/2019	**Inappropriate Inputs into Calculation of AFUDC –** Transco improperly included undistributed subsidiary earnings, accumulated other comprehensive income, and unamortized discounts on long-term debt in debt and equity for the purposes of computing AFUDC rates. As a result, Transco over-accrued AFUDC, which led it to overstate its construction work in progress (CWIP) and plant in service balances.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Inappropriate Inputs into Calculation of AFUDC –** Certain AEP jurisdictional utilities' method for computing Allowance for Funds Used During Construction (AFUDC) improperly included Account 219, Accumulated Other Comprehensive Income, in the equity component of the formula and improperly determined the AFUDC rate on a monthly basis. As a result, three jurisdictional utilities over accrued AFUDC on transmission plant by approximately $6.1 million from 2012 through 2017. The three jurisdictional utilities overbilled wholesale transmission customers for the excessive AFUDC costs included in utility plant that was included in transmission formula rates.

Company	Docket Number	Date	Summary of finding
Equitrans, L.P	FA17-6-000	10/19/2018	**Allowance for Funds Used During Construction (AFUDC) –** Equitrans inappropriately included unpaid contract retention accruals in the calculation of its AFUDC rate. In addition, the company erroneously excluded certain other cash outlays from the calculation. This led Equitrans to under-accrue AFUDC capitalized into construction work in progress (CWIP) and plant in service of approximately $694,000 on its Ohio Valley Connector (OVC) pipeline system, and over-accrue $127,000 on its Allegheny Valley Connector (AVC) pipeline system, and $49,000 on other Equitrans pipelines.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Allowance for Funds Used during Construction (AFUDC) –** Trunkline applied AFUDC rates that exceeded the maximum rate permitted by the Commission to calculate interest costs on construction. While the Commission requires natural gas companies to develop AFUDC rates based on the Commission's prescribed formula, it restricts the maximum rate to the overall rate of return in its recourse rates. In using rates that exceeded the maximum, Trunkline over accrued AFUDC by approximately $342,823 from 2013 to 2016. Additionally, Trunkline did not consider the effects of the cash management program in its AFUDC rate calculation, which may have resulted in a rate lower than its overall rate of return of its recourse rate.
Entergy Arkansas, Inc.	FA15-11-000	2/21/2018	**Accounting for Progress Payments –** EAI inappropriately classified the progress payments for dry cask storage containers used for the interim storage of spent nuclear fuel assemblies in Account 107, Construction Work in Progress-Electric. EAI also improperly accrued allowance for funds used during construction (AFUDC) on the progress payment associated with dry casks.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Calculation of Allowance for Funds Used During Construction Rates and Accrual –** DETI did not use its own book balances and cost rates associated with its debt, equity, and construction work in progress (CWIP) to compute its AFUDC rate as required by the Commission's accounting requirements. Instead, DETI used AFUDC rates that were derived from its parent company's consolidated book balances and cost rates. DETI did not have specific authorization from the Commission to deviate from the method prescribed in Order No. 561 to compute AFUDC. The AFUDC rates that DETI used were higher than the maximum rates permitted by the Commission, which led to DETI accruing excess AFUDC on capital projects. DETI also inappropriately accrued approximately $12,000 of AFUDC on certain projects after the in-service dates. As a result, DETI over-accrued AFUDC and inflated its gas plant in service balances by approximately $54.1 million from 2008 through 2015, as well as overstated accumulated depreciation and accumulated deferred income tax balances.

Company	Docket Number	Date	Summary of finding
Gulf Power Company	FA15-5-000	9/26/2017	**Calculation of Allowance for Funds Used During Construction –** Gulf Power incorrectly determined its allowance for funds used during construction (AFUDC) rate using the Florida Public Service Commission's (Florida Commission) method which was inconsistent with the Commission's AFUDC requirements. The Florida Commission's method used resulted in an AFUDC rate that exceeded the maximum rate permitted in accordance with the Commission AFUDC requirements. As a result, Gulf Power overbilled its wholesale customers for the excessive AFUDC costs included in utility plant that was included in formula rate determinations through rate base and depreciation charges.
Georgia Power Company	FA15-6-000	9/26/2017	**Construction Work in Progress –** Georgia Power inappropriately accounted for the costs of vegetation management and certain tools and test equipment directly in Account 107, Construction Work in Progress – Electric, instead of expensing these costs to the appropriate operations and maintenance expense accounts. Also, Georgia Power improperly accrued AFUDC on the vegetation management costs incorrectly included in CWIP. As a result, Georgia Power incorrectly billed its wholesale customers due to the inclusion of excessive AFUDC costs in electric plant in service that it included in wholesale formula rate determinations through rate base, amortization, and depreciation charges.
Georgia Power Company	FA15-6-000	9/26/2017	**Calculation of Allowance of Funds Used During Construction –** Georgia Power incorrectly determined the equity cost component in its calculation of the Allowance for Funds Used During Construction (AFUDC) rate. Georgia Power also included accumulated deferred income tax (ADIT) balances in the determination of the construction base using the Georgia Commission method which was inconsistent with the Commission's AFUDC requirements. As a result of these errors, Georgia Power applied to construction work in progress (CWIP) an AFUDC rate that exceeded the maximum rate allowed by the Commission. Thus, Georgia Power overbilled its wholesale customers due to the inclusion of excessive AFUDC costs in constructed plant in service that was included in rate determinations.
Alabama Power Company	FA15-7-000	9/26/2017	**Commitment Fees –** Alabama Power improperly accounted for upfront set-up fees paid associated with revolving line of credit agreements in Account 165, Prepayments. In addition, Alabama Power inappropriately amortized the fees to Account 431, Interest Expense, over the term of the line of credit agreements. Furthermore, Alabama Power improperly included the amortized fees in the calculation of the cost of short-term debt in its AFUDC rate calculations without Commission approval. The accounting misclassification of the fees in Account 165 and inappropriate amortization of the fees overstated the transmission revenue requirement and resulted in overbillings to Alabama Power's wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Accounting for Abandoned Construction Projects –** Alabama Power did not assign any engineering and supervision (E&S) to abandoned transmission construction projects; instead, it reallocated the associated E&S costs to ongoing transmission projects and improperly accrued AFUDC on the reallocated amounts. As a result, Alabama Power improperly accrued AFUDC on E&S costs related to abandoned transmission projects.

Company	Docket Number	Date	Summary of finding
Mississippi Power Company	FA15-8-000	9/26/2017	**Commitment Fees –** Mississippi Power's accounting practices for legal fees and upfront and quarterly commitment fees were deficient. Specifically, Mississippi Power: • Inappropriately recorded legal fees associated with establishing and maintaining bank lines of credit with lending institutions in Account 921, Office Supplies and Expenses, instead of Account 431, Interest Expense. • Improperly accounted for upfront commitment fees associated with establishing lines of credit with various institutions in Account 165, Prepayments, before amortizing amounts to Account 431. • Incorrectly included commitment upfront and quarterly fees in calculating the short-term debt cost rate of the AFUDC calculation before receiving Commission approval. • As a result, Mississippi Power overstated its revenue requirement used to bill its wholesale customers.
PacifiCorp	FA16-4-000	8/29/2017	**Allowance for Funds Used During Construction –** PacifiCorp's methods for calculating Allowance for Funds Used During Construction (AFUDC) rate was deficient as follows: • PacifiCorp inappropriately included letter of credit fees (up-front and quarterly) as part of short term debt interest expense to compute AFUDC rate. • PacifiCorp inappropriately included Unappropriated Undistributed Subsidiary Earnings as part of the equity component for the purpose of computing AFUDC rate. • PacifiCorp inappropriately included Accumulated Other Comprehensive Income (AOCI) as part of the equity component for the purpose of computing AFUDC rate in 2013. • As a result, PacifiCorp over accrued Allowance for Funds Used During Construction by approximately $6.8 million for 2013 through 2015. PacifiCorp overbilled wholesale customers for the excessive AFUDC costs included in utility plant that was included in wholesale formula rates determinations through rate base and depreciation charges.
NV Energy, Inc.	PA15-2-000	1/12/2017	**AFUDC Rate Calculation and Application to Construction Costs –** Nevada Power and Sierra Pacific included cost components in the calculation of their respective allowance for funds used during construction (AFUDC) rates that were not consistent with Commission accounting requirements. The companies calculated their respective AFUDC rates by inappropriately including in the calculation: (1) acquired goodwill in equity balances; (2) customer deposits in long-term debt balances; and (3) unpaid contract retention accruals in construction work in progress balances. This led to the companies over-accruing AFUDC capitalized into construction work in progress and plant in service.

Company	Docket Number	Date	Summary of finding
Destin Pipeline Company LLC	FA15-1-000	3/30/2016	Destin improperly recorded deferred income taxes on its regulatory assets recognized for the equity portion of AFUDC in Account 282, Accumulated Deferred Income Taxes – Other Property, instead of Account 283, Accumulated Deferred Income Taxes – Other. Also, in 2013, Destin improperly removed the balance associated with the deferred income taxes on the equity portion of AFUDC from Account 282. This amount was appropriately recorded and should have remained in Account 282.
Emera Maine	PA15-4-000	1/4/2016	**Allowance for Funds Used During Construction (AFUDC) –** Emera Maine's method of computing AFUDC on construction work in progress (CWIP) in 2013 and 2014 was deficient and found to be noncompliant with Order No. 561 and Electric Plant Instruction (EPI) 3(A)(17) as follows: Emera Maine did not use its annual weighted average cost of debt to calculate its AFUDC rates, and Emera Maine computed its AFUDC rate monthly instead of annually and used monthly balances instead of year-end balances to compute its AFUDC rates. As a result, Emera Maine over-accrued AFUDC on CWIP, overstated the revenue requirement, and overcharged its wholesale transmission formula rate customers.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Long-Term Debt Balance in the Capital Structure –** SNG inappropriately subtracted Account 181, Unamortized Debt Expense, totaling $8,843,351, from the long-term debt balance in determining the capital structure for 2011 AFUDC rates, which resulted in SNG overstating its AFUDC.
Union Electric Company	FA13-2-000	3/27/2015	Improperly included the premium and discount of the preferred stock in preferred stock and common equity components when calculating the Allowance for Funds Used During Construction (AFUDC) rate. This led to a slight increase in the amount of AFUDC that was accrued and capitalized from the inception of the formula rate to 2012.
Union Electric Company	FA13-2-000	3/27/2015	Improperly included the premium and discount of the preferred stock in preferred stock and common equity components when calculating the Allowance for Funds Used During Construction (AFUDC) rate. This led to a slight increase in the amount of AFUDC that was accrued and capitalized from the inception of the formula rate to 2012.
Ameren Illinois Company	FA13-1-000	2/14/2015	Methodology of computing AFUDC on construction work in progress (CWIP) was deficient in several areas. Specifically, Ameren Illinois: 01. Included the premium/discount of preferred stock in the preferred stock and common equity components when calculating the AFUDC rate; 02. Calculated the AFUDC rate on a monthly basis without Commission approval; and 03. Included accumulated other comprehensive income in its common equity balance. As a result of these deficiencies, Ameren Illinois slightly under-accrued AFUDC on CWIP.

Hold Harmless (Transaction and transition costs resulting from merger and acquisition activity)

Company	Docket Number	Date	Summary of finding
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Merger-Related Cost –** AEP jurisdictional utilities improperly included approximately $295,000 of merger-related capital costs in transmission formula rate determinations without first making a compliance filing under section 205 of the Federal Power Act. As a result, wholesale transmission customers were overbilled due to the inclusion of merger costs.
NV Energy, Inc.	PA15-2-000	1/12/2017	**Accounting for Merger Transaction Costs –** Nevada Power and Sierra Pacific accounted for merger transaction costs in operating accounts, contrary to the directives of the Merger Order and long-standing Commission policy that such costs be recorded in nonoperating accounts. This accounting resulted in the companies misrepresenting utility operating income and expenses reported in their respective FERC Form No. 1, Annual Reports (Form No. 1).
ITC Holdings Corporation	FA15-14-000	4/19/2016	**Non compliance related to ITC Operating Companies accounting and rate recovery for merger related costs –** The ITC Operating Companies recorded merger-related costs in operating accounts included in the determination of transmission formula rate billings, rather than in Account 426.5, Other Deductions, as required by Commission precedent. The improper accounting led to inappropriate recovery of the merger-related costs in transmission formula rate billings.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Accounting for Merger Transaction Costs –** Duke Companies did not file merger transaction accounting entries with the Commission as required by the Merger Order, and the companies recorded merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. By not filing the accounting entries, Duke Companies prevented Commission review of the merger accounting and correction of any entries that were not in accordance with Commission accounting requirements.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Merger Transaction Internal Labor Costs –** Duke Companies improperly included approximately $31.4 million of merger transaction internal labor costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating that the costs were offset by quantified savings produced by the merger. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $17.5 million.

Company	Docket Number	Date	Summary of finding
Duke Energy Corporation	PA14-2-000	4/1/2016	**Merger Transaction Outside Services and Related Costs –** Duke Companies incorrectly included $1.5 million of merger transaction outside services and related costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating the costs were offset by quantified savings produced by the merger. In addition, the companies recorded the merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $745,000.
Exelon Corporation	PA13-15-000	12/22/2015	**Compliance with Merger Conditions –** Hold Wholesale Customers Harmless – ComEd inappropriately included $851,000 of merger-related costs in transmission service cost calculations through its transmission formula rate, and as a result overcharged transmission customers a total of approximately $85,000.
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**Merger-related Costs –** BGE improperly included $1,398,113 of merger-related costs in its transmission revenue requirement calculations. This resulted in BGE overcharging wholesale transmission customers $155,083, including interest.
Kinder Morgan, Inc.	FA-14-10-000	6/4/2015	**Merger related Internal Labor Costs –** KMI' s jurisdictional entities did not record their cost of labor devoted towards merger consummation activities to the appropriate nonoperating expense account under Commission rules and regulations.
Kinder Morgan, Inc.	FA-14-10-000	6/4/2015	**Accounting for Abandoned Projects –** Based on audit staff examination of KMI's merger activity and related costs, audit staff observed that the EPC legacy entities incorrectly wrote off costs for software development projects supporting pipeline operations. These software development projects were abandoned due to the merger and the related costs were recorded in administrative and general expense accounts rather than appropriate operating expense accounts. As a result, these costs were misclassified in the books and financial records of the EPC legacy entities.

Operating/Nonoperating income (i.e. Above and below the line)

Company	Docket Number	Date	Summary of finding
Exelon Corporation	PA18-3-000	11/21/2019	**Merger Commitment Costs –** Exelon's public utilities improperly included merger commitment costs for the Exelon and PHI merger in their transmission revenue requirements. As a result, Exelon's public utilities overstated their transmission revenue requirements, which led to overbilling wholesale transmission customers.
National Grid USA	FA16-2-000	11/15/2019	**Industry Association Dues –** NGUSACo improperly accounted for and allocated a portion of the cost of its gas and electric industry associations' membership dues to National Grid's public utility subsidiaries. As a result, National Grid's public utility subsidiaries improperly included the lobbying component of industry association payments in their wholesale transmission rates.
National Grid USA	FA16-2-000	11/15/2019	**Donations –** NGUSASCo improperly recorded certain donations to Account 921, Office Supplies and Expenses, and Account 930.2, Miscellaneous General Expenses, instead of Account 426.1, Donations, as required by Commission regulations. Amounts recorded in Accounts 921 and 930.2 were allocated to National Grid's public utility subsidiaries and other affiliates and accounted for by the entities using the same accounts, and for some public utility subsidiaries were included as inputs to their respective wholesale transmission formula rate cost recovery mechanisms. As a result, in some years National Grid's public utility subsidiaries improperly included the donations in their wholesale transmission rates.
Cleco Power LLC	FA18-3-000	9/27/2019	**Merger Cost –** Cleco Power improperly included approximately $9.1 million of merger-related internal labor costs and debt cancellation cost in its wholesale transmission formula rate cost determinations without first submitting a section 205 filing with the Commission. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $389,000 and overbilled wholesale transmission customers from 2015 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Legal Settlements –** Cleco Power improperly recorded $100,000 for compromised settlement payments it made for a discriminatory employment practice suit in Account 921, Office Supplies and Expenses, instead of Account 426.5, Other Deductions. As a result, Cleco Power overstated its wholesale transmission revenue requirements and overbilled its wholesale transmission customers for that amount.
Ohio Power Company	FA17-2-000	9/6/2019	**Sales of Accounts Receivable –** Ohio Power misclassified non-operating expenses related to its servicing of accounts receivables, which were sold on a non-recourse basis, as operating expenses recorded in Account 903, Customer Records and Collection Expenses. Ohio Power should have recorded these non-operating expenses in Account 426.5 instead.

Company	Docket Number	Date	Summary of finding
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Accounting for Compromise Settlements –** XES incorrectly recorded approximately $150,000 in payments resulting from compromise settlements in its operating expense accounts, rather than in Account 426.5, Other Deductions, as required. Further, XES allocated these costs to the Xcel utilities, who also incorrectly recorded the costs above-the-line, in operating expense accounts. These operating expense accounts were included in the utilities' wholesale transmission formula rate mechanisms. As a result, Xcel's utilities overstated their wholesale transmission revenue requirement used to bill transmission customers.
	FA18-2-000	6/25/2019	**Accounting for Non-Operating Expenses –** Transco improperly accounted for allocated direct and indirect overhead non-operating expenses in utility plant and operating expense accounts, resulting in misstated utility plant and operating expense balances reported in its FERC Form No. 2.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Accounting for Charitable Contributions and Penalties –** AEPSC improperly recorded charitable contributions and penalties in various administrative and general, and operation and maintenance expense accounts, instead of using the appropriate non-operating expense accounts. In addition, AEPSC allocated and billed these costs to the jurisdictional utilities, and these utilities then misclassified and misreported these costs in their FERC Form No. 1 filings. These amounts were included in the jurisdictional utilities' formula rate mechanisms. As a result, the improper accounting for charitable contributions and penalties amounts led to overbillings to wholesale transmission customers.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Merger-Related Cost –** AEP jurisdictional utilities improperly included approximately $295,000 of merger-related capital costs in transmission formula rate determinations without first making a compliance filing under section 205 of the Federal Power Act. As a result, wholesale transmission customers were overbilled due to the inclusion of merger costs.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Allowance for Funds Used During Construction (AFUDC) –** Certain AEP jurisdictional utilities' method for computing Allowance for Funds Used During Construction (AFUDC) improperly included Account 219, Accumulated Other Comprehensive Income, in the equity component of the formula and improperly determined the AFUDC rate on a monthly basis. As a result, three jurisdictional utilities over accrued AFUDC on transmission plant by approximately $6.1 million from 2012 through 2017. The three jurisdictional utilities overbilled wholesale transmission customers for the excessive AFUDC costs included in utility plant that was included in transmission formula rates.
Equitrans, L.P	FA17-6-000	10/19/2018	**Accounting for Nonoperating Expenses –** Equitrans improperly accounted for donations, penalties, and nonutility expenses in utility plant and operating expense accounts. As a result, utility plant and operating expense balances in Equitrans' FERC Form No. 2 were overstated.

Company	Docket Number	Date	Summary of finding
Entergy Gulf States Louisiana, L.L.C.	FA15-10-000	2/21/2018	**Accounting for Lobbying Expenses –** EGSL incorrectly recorded lobbying costs associated with industry association dues in an operating expense accounting in 2012. This misclassification resulted in improper recovery of lobbying costs through EGSL's transmission formula rate.
Entergy Arkansas, Inc.	FA15-11-000	2/21/2018	**Accounting for Lobbying Expenses –** EAI incorrectly recorded lobbying costs associated with industry association dues in an operating expense account in 2012. This misclassification resulted in improper recovery of lobbying costs through EAI's transmission formula rate.
American Transmission	FA16-1-000	2/14/2018	**Accounting for Lobbying Costs –** ATC did not properly account for costs charged to it associated with ATC Management Inc.'s internal lobbyist. ATC recorded the lobbying costs in an operating account instead of using a nonoperating expense account. As a result, ATC improperly recovered these costs through its transmission formula rate.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Accounting for Employment Discrimination Settlements or Judgments –** DETI improperly accounted for employment discrimination and compromise settlement costs in utility operating accounts instead of Account 426.5, Other Deductions, as required. As a result, the utility operating expenses reported in DETI's FERC Form No. 2 were overstated.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Accounting for Lobbying Expenses –** DETI improperly accounted for the portion of membership dues and service fees paid to external entities that were associated with lobbying activities in utility operating accounts instead of Account 426.4, Expenditures for Certain Civic, Political and Related Activities, as required. In addition, DETI accounted for allocated labor and related costs of DES' internal lobbyists in operating accounts without having support for inclusion of the costs in the accounts. As a result, utility operating expenses reported in DETI's FERC Form No. 2 reports were overstated.
NV Energy, Inc.	PA15-2-000	1/12/2017	**Accounting for Lobbying Costs:** Nevada Power and Sierra Pacific improperly recorded lobbying expenses associated with nonoperating activities in operating accounts. As a result, the operating expenses reported in the companies' respective Form No. 1 reports were overstated.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded nonoperating expenses in operating expense accounts that are included in the wholesale transmission formula rate. Specifically, Westar improperly recorded labor expenses associated with Westar's employees performing nonoperating activities on behalf of the Westar Energy Foundation (WEF). Westar improperly recorded the labor expenses due to insufficient controls over the employees who work on WEF activities. As a result, Westar overstated various operating expense accounts and overbilled wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded costs associated with discriminatory employment practices in various administrative and general (A&G) accounts, instead of using Account 426.5, Other Deductions. As a result, Westar overstated various A&G expense accounts, which are included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded corporate-owned life insurance (COLI) expenses for officers and other employees for policies in which Westar is the beneficiary in Account 926, Employee Pensions and Benefits, instead of Account 426.2, Life Insurance. As a result, Westar overstated Account 926, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded nonoperating expenses in operating expense accounts that are included in the wholesale transmission formula rate. Specifically, KGE improperly recorded labor expenses associated with Westar employees performing nonoperating activities on behalf of the Westar Energy Foundation (WEF). KGE improperly recorded the labor expenses due to insufficient controls over the employees who work on WEF activities. As a result, KGE overstated various operating expense accounts and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded costs associated with discriminatory employment practices in Account 920, Administrative and General Salaries, instead of using Account 426.5, Other Deductions. As a result, KGE overstated Account 920, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded corporate-owned life insurance (COLI) expenses for officers and other employees for policies in which Westar is the beneficiary in Account 926, Employee Pensions and Benefits, instead of Account 426.2, Life Insurance. As a result, KGE overstated Account 926, which is included in the wholesale transmission formula rate, and overbilled wholesale transmission customers.
Entergy Corporation	FA15-13-000	4/19/2016	The Entergy Operating Companies recorded merger-related costs in operation and maintenance (O&M) and administrative and general (A&G) expense accounts rather than in Account 426.5, Other Deductions, as required by Commission precedent. The improper accounting led to overstatements of O&M and A&G expenses in the Entergy Operating Companies' FERC Form No. 1 filings. Additionally, the Entergy Operating Companies inappropriately included some merger-related costs in transmission formula rate calculations.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Accounting for Lobbying Expenses:** Duke Companies recorded approximately $2.4 million of lobbying expenses in above-the-line operating accounts from 2011 through 2013. As a consequence, Duke Companies improperly included these costs in wholesale power and transmission formula rate service cost determinations.

Company	Docket Number	Date	Summary of finding
Duke Energy Corporation	PA14-2-000	4/1/2016	**Nonutility Expenses in Operating Accounts:** Duke Companies recorded approximately $490,000 of nonutility expenses in operating accounts in 2014. As a result, inappropriate costs were included in wholesale power and transmission formula rate service cost determinations and charged to customers.
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Miscellaneous Accounting Misclassifications –** NGPL improperly accounted for penalties and lobbying in operating (above-the-line) expense accounts rather than nonoperating (below-the-line) expense accounts. This accounting is a concern because costs recorded as nonoperating expenses are generally nonrecoverable in rates, while operating expenses are recoverable. Also, NGPL improperly accounted for certain expenses in the wrong operating expense accounts, which is inconsistent with the USofA. While these accounting misclassifications did not affect overall income, NGPL's accounting could affect cost recoveries from customers, absent proper accounting or account adjustments in a future cost of service rate change.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Accounting for Compromise Settlements –** PSCo incorrectly recorded a payment relating to an alleged employment discrimination settlement in various above-the-line expense accounts rather than below-the-line expense accounts. This accounting resulted in PSCo overbilling wholesale transmission customers by $11,747.
Public Service Company of Colorado	PA13-14-000	7/21/2015	Accounting for Donations - PSCo incorrectly recorded a payment for a donation in Account 506 rather than Account 426.1. Since PSCo recorded this in a production operating expense account, it did not affect the transmission formula rate mechanism. However, this accounting affected PSCo's production formula rate mechanism and resulted in an $100,000 overstatement in the revenue requirement. This led to excess billings to wholesale production customers
Enterprise Products Partners L.P.	FA14-1-000	6/17/2015	**Accounting for Charitable Contributions –** MAPL incorrectly recorded $14,800 in donations and charitable contributions in Account 390, Other Expenses (Operating), and $1,250 in Account 590, Other Expenses (General), instead of in Account 660, Miscellaneous Income Charges, during the audit period. This resulted in an overstatement of operating expenses reported in the Form No. 6, which impacts page 700 and the calculation of the five-year index adjustment.
Colonial Pipeline Company	FA14-4-000	6/17/2015	**Accounting for Nonoperating Expenses –** Colonial improperly recorded amounts for donations, charitable contributions, fines and penalties, and lobbying activities as operating expenses in Accounts 390, Other Expenses, 580, Pipeline Taxes, and 590, Other Expenses. Colonial should have recorded these activities in Account 660, Miscellaneous Income Charges, as these activities are nonoperating in nature. Recording these activities as operating expenses increased amounts that factored into its annual cost of service schedule on page 700 of the Form 6, which provides stakeholders a gauge of Colonial's cost of service. However, since Colonial has indexed- and market-based rates, this accounting treatment did not affect the rates shippers paid for transportation service on Colonial's pipeline.

Company	Docket Number	Date	Summary of finding
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**Accounting for Political Activities:** BGE inappropriately accounted for costs related to political action committees in Account 921, Office Supplies and Expenses, instead of Account 426.4, Expenditures for Certain Civic, Political, and Related Activities. Also, BGE improperly included these amounts in its formula rate. As a result of the accounting misclassification, BGE overstated billings to its wholesale transmission customers.

Misapplication of the Uniform System of Accounts
Expenses

Company	Docket Number	Date	Summary of finding
National Grid USA	FA16-2-000	11/15/2019	**Service Company Account Misclassifications –** NGUSASCo improperly accounted for various administrative and general expenses in its books and records. As a result, NGUSASCo overstated certain administrative and general accounts it billed to National Grid public utility subsidiaries, resulting in misclassifications reported in the public utilities' FERC Form No. 1.
Cleco Power LLC	FA18-3-000	9/27/2019	**Other Accounting Misclassifications –** Cleco Power improperly accounted for various expenses totaling approximately $481,000 in its books and records from 2014 to 2018. These expenses were included in wholesale transmission formula rate determinations. As a result, Cleco Power overstated its wholesale transmission revenue requirement and overbilled wholesale transmission customers.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Electric Generation Renewable Expenses –** Cleco Power improperly recorded operating and maintenance costs associated with an electric generation renewable plant in Account 923, Outside Services Employed, instead of in Account 553, Maintenance of Generating and Electric Equipment (Major Only). Cleco Power improperly included the operating and maintenance costs associated with the electric generation renewable plant in its transmission formula rate for the purpose of computing billings to wholesale transmission customers. As a result, Cleco Power overstated its wholesale transmission revenue requirements by approximately $124,000 and overbilled wholesale transmission customers from 2015 to 2018.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Accounting for Miscellaneous Expenses –** NSPM's accounting classifications for some expenses were not consistent with the requirements of the Uniform System of Accounts. In addition, there were instances when the accounting misclassifications led to improper amounts being included in the wholesale transmission formula rate and NSPM overbilling its wholesale transmission customers.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Operating Expenses –** Transco improperly accounted for allocated direct and indirect overhead operating expenses, resulting in misstated operating expense balances reported in its FERC Form No. 2.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Non-Operating Expenses –** Transco improperly accounted for allocated direct and indirect overhead non-operating expenses in utility plant and operating expense accounts, resulting in misstated utility plant and operating expense balances reported in its FERC Form No. 2.

Company	Docket Number	Date	Summary of finding
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Replacement of Minor Items of Property –** Transco improperly accounted for the cost to replace minor items of property. Transco capitalized the cost to utility plant instead of recording it in maintenance accounts as incurred. Transco's accounting caused utility plant to be overstated and maintenance expenses to be understated.
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Accounting for Employee Labor Costs –** Northern Natural misclassified labor costs of certain departments in administrative and general expense, and operating and maintenance expense accounts. The misclassifications averaging about $2.6 million per year during the audit period, affected the accuracy of expenses reported on Pages 317-325 of Northern Natural's Form No. 2.
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Allocation of Costs to Market-Based Rate Storage Facilities -** Northern Natural inaccurately allocated payroll costs and never assigned compressor electricity costs to Redfield market-based storage facilities. As a result, Northern Natural overstated market-based storage operating and maintenance expenses reported on Page 217 of Form No. 2 by about $740,000 for the period reviewed.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Merger-Related Cost –** AEP jurisdictional utilities improperly included approximately $295,000 of merger-related capital costs in transmission formula rate determinations without first making a compliance filing under section 205 of the Federal Power Act. As a result, wholesale transmission customers were overbilled due to the inclusion of merger costs.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Accounting for Charitable Contributions and Penalties –** AEPSC improperly recorded charitable contributions and penalties in various administrative and general, and operation and maintenance expense accounts, instead of using the appropriate non-operating expense accounts. In addition, AEPSC allocated and billed these costs to the jurisdictional utilities, and these utilities then misclassified and misreported these costs in their FERC Form No. 1 filings. These amounts were included in the jurisdictional utilities' formula rate mechanisms. As a result, the improper accounting for charitable contributions and penalties amounts led to overbillings to wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Payroll Taxes –** BHP incorrectly accounted for its utility and non-utility operating income payroll taxes. In addition, BHP improperly included payroll taxes in its transmission formula rate calculations. As a result, BHP overstated its transmission formula rate revenue requirement by approximately $862,000 from 2010 to 2015. This resulted in BHP overcharging wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Accounting for Computer Software and Hardware Costs –** BHP improperly accounted for software maintenance costs. In addition, BHP recorded interest accruals on software and hardware that were ready for service, which resulted in BHP overstating their cost. BHP included the costs in its transmission formula rate determinations, which resulted in it overstating its transmission formula rate revenue requirement and overcharging wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Accounting for Legal Expenses –** BHP improperly accounted for the cost of litigation services received in 2013 by double counting certain expenses. BHP's accounting impacted cost inputs to the 2014 transmission formula rate true-up and led it to overstate its transmission formula rate revenue requirement and overcharge wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Miscellaneous Accounting Misclassifications –** BHP improperly accounted for various expenses in its books and records. These expenses were included in transmission formula rate determinations. As a result, BHP overstated its transmission formula rate revenue requirement and overcharged wholesale transmission customers.
Black Hills Power, Inc.	FA16-3-000	12/14/2018	**Accounting for Pensions and Post-Retirement Benefits Costs –** BHP inappropriately transferred its pension and benefit expenses to various operations and maintenance (O&M) accounts. In addition, the Company improperly accounted for liabilities for the underfunded status of its pension plans in Account 253, Other Deferred Credits, instead of Account 228.3, Accumulated Provision for Pensions and Benefits, as required by the Commission's regulations. As a result, BHP incorrectly reported its pension and benefit expenses in its FERC Form No. 1.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Accounting for Transmission and Storage Operating Expenses –** Trunkline misclassified labor and other costs associated with system gas control employees as an administrative and general expense, rather than as a transmission operating expense. Trunkline also misclassified general supervision associated with its underground gas storage facilities as transmission rather than storage operating expense. The misclassifications reduced the transparency of these activities in the FERC Form 2.
Entergy Gulf States Louisiana, L.L.C.	FA15-10-000	2/21/2018	**Interim Storage of Spent Nuclear Fuel –** EGSL inappropriately recovered the costs to purchase and amortize dry casks used for the interim storage of spent nuclear fuel assemblies.
Entergy Gulf States Louisiana, L.L.C.	FA15-10-000	2/21/2018	**Accounting for Nuclear Fuel Fees** – EGSL improperly recovered legal, financing, and audit fees associated with nuclear fuel in Account 518, Nuclear Fuel Expense (Major Only), instead of Account 524, Miscellaneous Nuclear Power Expenses.
Entergy Arkansas, Inc.	FA15-11-000	2/21/2018	**Accounting for Settlement Payments –** EAI incorrectly recorded a $230,000 employee discrimination lawsuit in Account 925, Injuries and Damages, instead of Account 426.5, Other Deductions, in 2012 and 2013. This resulted in the inappropriate inclusion of $20,585 in the transmission revenue requirement.
Entergy Arkansas, Inc.	FA15-11-000	2/21/2018	**Accounting for Nuclear Fees –** EAI inappropriately recorded legal, financing, and audit fees associated with nuclear fuel in Account 518, Nuclear fuel Expense (major Only), instead of Account 524, Miscellaneous Nuclear Power Expenses.

Company	Docket Number	Date	Summary of finding
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Accounting for Greenlick Storage Fire Gas Loss Regulatory Asset –** DETI inappropriately deferred $15,145,515 of gas loss costs in Account 182.3, Other Regulatory Assets, based on criteria applicable to extraordinary items, instead of expensing the costs in the period incurred. DETI's accounting resulted in it overstating assets reported in its 2008 through 2016 FERC Form No. 2 and understating operating expenses incurred in 2008.
Gulf Power Company	FA15-5-000	9/26/2017	**Coal Handling Expenses –** Gulf Power improperly recorded coal handling expenses associated with its generating facilities in Account 151, Fuel Stock, instead of in Account 152, Fuel Stock Expenses Undistributed, or directly expensing such costs to Account 501, Fuel.
Georgia Power Company	FA15-6-000	9/26/2017	**Accounting for Southern Nuclear Transactions –** Georgia Power improperly accounted for certain production-related costs allocated from its affiliate services company, Southern Nuclear Operating Company (Southern Nuclear), in administrative and general expense accounts instead of the appropriate nuclear production operation and maintenance expense accounts. This accounting error resulted in increased billings to Georgia Power's wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Cancelled Production Projects –** Georgia Power improperly wrote-off the costs of cancelled production projects accounted for in Account 183, Preliminary Survey and Investigation Charges to Account 930.2, Miscellaneous General Expenses. As a result, Georgia Power inappropriately overbilled its wholesale customers due to the inclusion of unauthorized production-related cost included in the wholesale transmission rates.
Alabama Power Company	FA15-7-000	9/26/2017	**Accounting for Southern Nuclear Transactions –** Alabama Power improperly accounted for certain production-related costs allocated from its affiliate services company, Southern Nuclear, in administrative and general expense accounts instead of the appropriate nuclear production operation and maintenance accounts. This accounting error resulted in increased billings to Alabama Power's wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Coal Handling Expenses –** Alabama Power improperly recorded coal handling expenses associated with its generating facilities in Account 151, Fuel Stock, instead of in Account 152, Fuel Stock Expenses Undistributed, or directly expensing such costs to Account 501, Fuel.
Mississippi Power Company	FA15-8-000	9/26/2017	**Coal Handling Expenses –** Mississippi Power improperly recorded coal handling expenses incurred at the Alabama State Port Authority (ASPA) in Account 151, Fuel Stock, instead of Account 152, Fuel Stock Expenses Undistributed, or directly expensing such expenses to Account 501, Fuel. In addition, Mississippi Power incorrectly included coal handling expenses incurred at ASPA's coal handling facilities in determining the fuel cost billed to wholesale customers.

Company	Docket Number	Date	Summary of finding
PacifiCorp	FA16-4-000	8/29/2017	**Accounting for Coal Settlement Costs –** PacifiCorp incorrectly accounted for amortization of two coal settlement payments in Account 151, Fuel Stock, instead of Account 501, Fuel.
PacifiCorp	FA16-4-000	8/29/2017	**Accounting for Liquidated Damages –** PacifiCorp incorrectly accounted for amortization of production related regulatory assets associated with liquidated damages as an administrative and general expense in Account 930.2, Miscellaneous General Expense.
PacifiCorp	FA16-4-000	8/29/2017	**Accounting for Pensions, PBOP and Other Benefits –** PacifiCorp recorded the cost of pensions, post-retirement benefits other than pensions (PBOP) and other employee benefits in various functional operating and maintenance expense accounts, instead of in Account 926, Employee Pensions and Benefits.
PacifiCorp	FA16-4-000	8/29/2017	**Storm Damage Accounting and Costs Recovery –** PacifiCorp's accounting and wholesale formula rate billings for storm damage costs during the period of 2012 through 2015 were deficient as follows: • PacifiCorp improperly overbilled storm damage costs to its merchant function and third-party wholesale customers that procured transmission services under PacifiCorp's OATT. This occurred because PacifiCorp improperly included actual plus estimated costs associated with the same storms in billings to its merchant and third-party wholesale customers. As a result, PacifiCorp overstated its wholesale transmission revenue requirement by approximately $6.9 million, which led to overbillings to third-party wholesale customers by approximately $1.1 million. • PacifiCorp did not make refunds to its wholesale customers for the excessive storm damage revenues collected from its wholesale customers.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly accounted for asset retirement obligations (AROs) related to its utility plant assets by (1) Improperly recording asset retirement cost depreciation expense in Account 182.3 rather than properly recording this expense in Account 403.1, Depreciation Expense for Asset Retirement Costs and (2) Improperly recording accretion expense in Account 182.3, Other Regulatory Assets, rather than properly recording this expense to Account 411.10, Accretion Expense.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly accounted for asset retirement obligations (AROs) related to its utility plant assets by (1) Improperly recording asset retirement cost depreciation expense in Account 182.3 rather than properly recording this expense in Account 403.1, Depreciation Expense for Asset Retirement Costs, and (2) Improperly recording accretion expense in Account 182.3, Other Regulatory Assets, rather than properly recording this expense to Account 411.10, Accretion Expense. Based on this improper accounting, KGE only recorded ARO amounts in balance sheet accounts and not income statement accounts. Also, KGE improperly included Account 359.1, Asset Retirement Costs for Transmission Plant, in its wholesale transmission formula rate calculations without seeking Commission approval. As a result, KGE overbilled wholesale transmission customers.

Misapplication of the Uniform System of Accounts
Revenues

Company	Docket Number	Date	Summary of finding
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Distributing and Accounting for Penalty Revenue –** Transco erroneously distributed penalty revenue to shippers that incurred the penalties, reducing the amount distributable to non-offending shippers. In addition, Transco improperly accounted for regulatory liabilities associated with penalty revenue collected.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Accounting for Penalty Revenues and Refunds –** Trunkline incorrectly accounted for penalty revenues collected from offending shippers and refunded to nonoffending shippers as it did not use Account 495, Other Gas Revenues, and Account 254, Other Regulatory Liabilities. As a result, Trunkline's financial statements did not properly reflect the nature of these activities for accounting and reporting purposes.
Gulf Power Company	FA15-5-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Gulf Power did not retain $138,245 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Gulf Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.
Georgia Power Company	FA15-6-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Georgia Power did not retain $1,061,285 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Georgia Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.
Mississippi Power Company	FA15-8-000	9/26/2017	**Wholesale Storm Damages Revenues –** From 2012 through 2014, Mississippi Power did not retain $199,775 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Mississippi Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.
Gulf Power Company	FA15-5-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Gulf Power did not retain $138,245 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Gulf Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.

Company	Docket Number	Date	Summary of finding
Alabama Power Company	FA15-7-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Alabama Power did not retain $40,204 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations.
Mississippi Power Company	FA15-8-000	9/26/2017	**Wholesale Storm Damages Revenues –** From 2012 through 2014, Mississippi Power did not retain $199,775 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Mississippi Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.
Georgia Power Company	FA15-6-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Georgia Power did not retain $1,061,285 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations. Also, Georgia Power did not provide its wholesale customers with the time value of money associated with excessive storm damage revenues.
Alabama Power Company	FA15-7-000	9/26/2017	**Wholesale Storm Damage Revenues –** From 2012 through 2014, Alabama Power did not retain $40,204 in excessive storm damage revenues collected from its wholesale customers in the appropriate liability account in accordance with the Commission accounting regulations.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Classification of Delivery Revenues –** NDPL did not record amounts in Account 220, Delivery Revenues, despite the fact that NDPL's tariff has charge provisions that have identical language to the account instructions of Account 220. NDPL recorded these amounts in Account 200, Gathering Revenues. This creates an improper functionalization of revenues, which decreases the transparency in the Form 6 reporting.

Misapplication of the Uniform System of Accounts
Income Taxes

Company	Docket Number	Date	Summary of finding
Cleco Power LLC	FA18-3-000	9/27/2019	**Merger Accumulated Deferred Income Taxes –** Cleco Power improperly included accumulated deferred income taxes related to merger commitment costs in its wholesale transmission formula rates. As a result, Cleco Power overstated its wholesale transmission revenue requirements by approximately $133,000 and overbilled its wholesale transmission customers from 2017 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Excess Accumulated Deferred Income Tax Labilities –** Cleco Power improperly excluded excess and deficient Accumulated Deferred Income Tax (ADIT), created as a result of the 2017 Tax Cut and Jobs Act, in its wholesale transmission formula rate computation. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $9.6 million and overbilled wholesale transmission customers during 2018 and 2019 rate years.
Avista Corporation	PA18-2-000	9/19/2019	**Accounting for Deferred Income Taxes – AFUDC –** Avista's methods for accounting for Deferred Income Taxes related to the equity component of the AFUDC rate were deficient as follows: • Avista incorrectly recorded a debit in Account 410.1, Provision for Deferred Income Taxes, based on the amount of the equity component of AFUDC included in income Account 419.1, Allowance for Other Funds Used During Construction, and credited Account 282, Accumulated Deferred Income Taxes – Other Property. Avista should have recorded the deferred tax debit amount in Account 182.3, Other Regulatory Assets. • Avista should have recorded a gross up for the income taxes related to the equity component of AFUDC in Account 182.3, Other Regulatory Assets, and a related offset as a deferred income tax liability in Account 283, Accumulated Deferred Income Taxes – Other. As a result of the foregoing improper accounting, Avista overstated the Deferred Income Tax expense included in its Income Statement for 2015 through 2017 by approximately $8.4 million.
Avista Corporation	PA18-2-000	9/19/2019	**Capitalization of System Planning Costs –** Avista improperly capitalized system planning costs of approximately $2.8 million as a cost of plant through its CWIP between 2014 and 2017. When subsequently correcting this error, by removing approximately $2.6 million from the cost of plant, Avista did not remove the related accumulated provision for depreciation, current and deferred income taxes, and AFUDC.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Allocation of XES Income Tax Expense –** XES allocated its income tax expense only to the Xcel utilities. XES should have allocated its income tax expense to all Xcel companies benefiting from XES's activities that caused XES to incur income tax expense.

Company	Docket Number	Date	Summary of finding
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Income Tax Receivables –** NSPM incorrectly recorded an income tax receivable that represented a refund for a tax overpayment in Account 165, Prepayments, instead of in Account 143, Other Accounts Receivable. The incorrect accounting led to an overstatement of NSPM's rate base used in its wholesale transmission formula rate calculations and overbillings to wholesale transmission customers.
Equitrans, L.P	FA17-6-000	10/19/2018	**Accounting for Tax Receivable –** Equitrans improperly accounted for an income tax receivable that represented a refund for an overpayment in Account 165, Prepayments, instead of in Account 146, Accounts Receivable from Associated Companies.
Gulf Power Company	FA15-5-000	9/26/2017	**Income Tax Receivables –** In 2014, Gulf Power improperly accounted for income tax receivables due from Southern Company Services (SCS) for tax overpayments in Account 165, Prepayments. For 2015, Gulf Power changed its accounting policy to correctly record income tax receivables in Account 143, Other Accounts Receivables. However, Gulf Power inappropriately included amounts representing income tax receivables in its formula rate recovery mechanism through (1) its use of improper accounting in Account 165 in 2014 and (2) a rate only adjustment in 2015 made to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the improper accounting and the rate only adjustment inflated the transmission revenue requirement and incorrectly increased billings to Gulf Power's wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Income Tax Receivables –** In 2014, Georgia Power improperly booked in Account 165, Prepayments, income tax receivables due from Southern Company Services, Inc. (SCS) for tax overpayments. Georgia Power changed its accounting policy in 2015 to correctly record income tax receivables in Account 143, Other Accounts Receivables. Nonetheless, Georgia Power improperly included amounts representing income tax receivables in its wholesale formula rate recovery mechanism through the use of the incorrect accounting in Account 165. Also, in 2015 Georgia Power made an adjustment in its wholesale formula rate recovery mechanism to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the incorrect accounting and formula rate adjustment overstated the transmission revenue requirement and resulted in increased billings to Georgia Power's wholesale customers.

<table>
<tr><th>Company</th><th>Docket Number</th><th>Date</th><th>Summary of finding</th></tr>
<tr><td>Mississippi Power Company</td><td>FA15-8-000</td><td>9/26/2017</td><td>Unused Investment Tax Credits – Mississippi Power only used balance sheet accounts to record unused investment tax credits (ITC) and its related deferred income tax effects instead of using balance sheet and income statement accounts, as required by the Commission’s accounting regulations. Mississippi Power also improperly transferred the debit balance for unused ITCs from Account 236 to Account 165 on December 31st for 2012 through 2014, and incorrectly billed wholesale customers for this misclassified debit balance. Then, Mississippi Power reclassified the debit balance back to Account 236 the following months from 2013 through 2015 to reflect appropriate accounting under the Commission’s accounting regulations. In addition, Mississippi Power misreported amounts related to ITCs on page 266 in its FERC Form No. 1 during the audit period. These errors resulted in Mississippi Power overbilling its wholesale customers that took service under the OATT by $232,145.</td></tr>
<tr><td>Mississippi Power Company</td><td>FA15-8-000</td><td>9/26/2017</td><td>Income Tax Receivables – Mississippi Power’s accounting and rate recovery for income tax receivables was deficient as follows:
In 2014, Mississippi Power improperly accounted for income tax overpayments in Account 165, Prepayments, which it paid to Southern Company Services (SCS). The tax overpayments should have been recorded in appropriate accounts receivable account under the Commission’s accounting regulations since Mississippi Power received refunds from SCS for such tax overpayments. This incorrect accounting classification led to an overstatement of the revenue requirement, which resulted in overbilling to Mississippi Power’s wholesale customers.
In 2015, Mississippi Power changed its accounting policy to correctly record income tax receivables from SCS for tax overpayments in Account 143, Other Accounts Receivables. However, Mississippi Power inappropriately made a deferred income tax adjustment to increase rate base in its formula rate recovery mechanism to charge wholesale customers for a return on the income tax receivable related to tax overpayments refunded by SCS. This resulted in overbillings to Mississippi Power’s wholesale customers.</td></tr>
<tr><td>Gulf Power Company</td><td>FA15-5-000</td><td>9/26/2017</td><td>Income Tax Receivables – In 2014, Gulf Power improperly accounted for income tax receivables due from Southern Company Services (SCS) for tax overpayments in Account 165, Prepayments. For 2015, Gulf Power changed its accounting policy to correctly record income tax receivables in Account 143, Other Accounts Receivables. However, Gulf Power inappropriately included amounts representing income tax receivables in its formula rate recovery mechanism through (1) its use of improper accounting in Account 165 in 2014 and (2) a rate only adjustment in 2015 made to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the improper accounting and the rate only adjustment inflated the transmission revenue requirement and incorrectly increased billings to Gulf Power’s wholesale customers.</td></tr>
</table>

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Income Tax Receivables –** In 2014, Georgia Power improperly booked in Account 165, Prepayments, income tax receivables due from Southern Company Services, Inc. (SCS) for tax overpayments. Georgia Power changed its accounting policy in 2015 to correctly record income tax receivables in Account 143, Other Accounts Receivables. Nonetheless, Georgia Power improperly included amounts representing income tax receivables in its wholesale formula rate recovery mechanism through the use of the incorrect accounting in Account 165. Also, in 2015 Georgia Power made an adjustment in its wholesale formula rate recovery mechanism to reduce deferred income taxes included in Account 282, Accumulated Deferred Income Taxes, Other Property. Both the incorrect accounting and formula rate adjustment overstated the transmission revenue requirement and resulted in increased billings to Georgia Power's wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Income Tax Receivables –** In 2014 and 2015, Alabama Power inappropriately included amounts representing income tax receivables recorded in Account 143, Other Accounts Receivable in its wholesale formula rate recovery mechanism through Account 165, Prepayments, and a deferred income tax rate adjustment which improperly billed wholesale customers a return on the income tax receivable. In addition, Alabama Power did not provide refunds to wholesale customers for a return improperly billed to them when Alabama Power's tax overpayments recorded in Account 165 were not used to reduce the 2014 and 2015 consolidated income tax liability. Both rate adjustments to the formula rate recovery mechanism inflated the transmission revenue requirement and incorrectly increased billings to Alabama Power's wholesale customers.
Mississippi Power Company	FA15-8-000	9/26/2017	**Unused Investment Tax Credits –** Mississippi Power only used balance sheet accounts to record unused investment tax credits (ITC) and its related deferred income tax effects instead of using balance sheet and income statement accounts, as required by the Commission's accounting regulations. Mississippi Power also improperly transferred the debit balance for unused ITCs from Account 236 to Account 165 on December 31st for 2012 through 2014, and incorrectly billed wholesale customers for this misclassified debit balance. Then, Mississippi Power reclassified the debit balance back to Account 236 the following months from 2013 through 2015 to reflect appropriate accounting under the Commission's accounting regulations. In addition, Mississippi Power misreported amounts related to ITCs on page 266 in its FERC Form No. 1 during the audit period. These errors resulted in Mississippi Power overbilling its wholesale customers that took service under the OATT by $232,145.

Company	Docket Number	Date	Summary of finding
Mississippi Power Company	FA15-8-000	9/26/2017	**Income Tax Receivables –** Mississippi Power's accounting and rate recovery for income tax receivables was deficient as follows: • In 2014, Mississippi Power improperly accounted for income tax overpayments in Account 165, Prepayments, which it paid to Southern Company Services (SCS). The tax overpayments should have been recorded in appropriate accounts receivable account under the Commission's accounting regulations since Mississippi Power received refunds from SCS for such tax overpayments. This incorrect accounting classification led to an overstatement of the revenue requirement, which resulted in overbilling to Mississippi Power's wholesale customers. • In 2015, Mississippi Power changed its accounting policy to correctly record income tax receivables from SCS for tax overpayments in Account 143, Other Accounts Receivables. However, Mississippi Power inappropriately made a deferred income tax adjustment to increase rate base in its formula rate recovery mechanism to charge wholesale customers for a return on the income tax receivable related to tax overpayments refunded by SCS. This resulted in overbillings to Mississippi Power's wholesale customers.
Plantation Pipeline Company	FA15-12-000	12/23/2016	**Accounting and Reporting of Deferred Income Taxes –** Plantation had several deficiencies in its accounting and reporting for deferred income taxes from 2012-2014. These deficiencies included: • Improper netting of current and noncurrent deferred tax balances in Account 64, Accumulated Deferred Income Tax Liability, instead of recording the current deferred income tax asset balance in Account 19-5, Deferred Income Tax Assets, and the noncurrent deferred tax liability in Account 64. • Misclassification of a tax refund receivable as a current deferred income tax asset in Account 19-5, instead of Account 19, Other Current Assets. • Incorrect balance reported in Account 671, Provision for Deferred Taxes. Also incorrect carry-forward of the year-end balance for noncurrent deferred taxes in Account 64 on its balance sheet, and a missing footnote disclosure for a deferred tax adjustment on page 230 of the Form 6.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin recorded accrued income taxes in Account 236, Taxes Accrued, but did not record any offsetting entries to reflect income taxes paid by its member companies.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin recorded accrued income taxes in Account 236, Taxes Accrued, but did not record any offsetting entries to reflect income taxes paid by its member companies.

Company	Docket Number	Date	Summary of finding
Union Electric Company	FA13-2-000	3/27/2015	Union Electric improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liabilities in Account 165, Prepayments. Since Union Electric's federal and state income tax liability was zero in 2009, the tax overpayments made to Ameren's parent company which pays its federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivables account under the Commission accounting regulations because the company subsequently received refunds from the parent company for such overpayments. This improper accounting classification resulted in overbillings to wholesale transmission customers that totaled approximately $424,470 in 2009.
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly recorded refunds expected from federal and state taxing authorities in Account 165, Prepayments, instead of booking the refund obligation in the appropriate account for receivables. Since Union Electric's formula rate recovery mechanism permitted it to earn a return on amounts improperly included in Account 165, the improper accounting resulted in overbillings to wholesale transmission customers estimated at $264,691.
Union Electric Company	FA13-2-000	3/27/2015	Union Electric improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liabilities in Account 165, Prepayments. Since Union Electric's federal and state income tax liability was zero in 2009, the tax overpayments made to Ameren's parent company which pays its federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivables account under the Commission accounting regulations because the company subsequently received refunds from the parent company for such overpayments. This improper accounting classification resulted in overbillings to wholesale transmission customers that totaled approximately $424,470 in 2009.
Union Electric Company	FA13-2-000	3/27/2015	Incorrectly recorded refunds expected from federal and state taxing authorities in Account 165, Prepayments, instead of booking the refund obligation in the appropriate account for receivables. Since Union Electric's formula rate recovery mechanism permitted it to earn a return on amounts improperly included in Account 165, the improper accounting resulted in overbillings to wholesale transmission customers estimated at $264,691.

Company	Docket Number	Date	Summary of finding
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liability in Account 165, Prepayments. Since Ameren Illinois' federal and state income tax liability was zero in 2009, tax overpayments were made to Ameren's parent company that then paid the federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivable account under the Commission's accounting regulations because Ameren Illinois subsequently received refunds from the parent company for such overpayments. This improper accounting classification led to an overstatement of the Attachment O revenue requirement which resulted in overbilling to wholesale transmission customers.
Ameren Illinois Company	FA13-1-000	2/14/2015	Incorrectly recorded refunds expected from the federal and state taxing authorities (taxing authorities) in Account 165, Prepayments instead of booking the refund obligation in the appropriate account for receivables. Since Ameren Illinois' formula rate recovery mechanism permitted it to earn a return on amounts included in Account 165, the improper accounting resulted in an overstatement of the Attachment O revenue requirement which resulted in overbillings to wholesale transmission.
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly recorded its share of estimated tax payments made to its parent company for its applicable federal and state income tax liability in Account 165, Prepayments. Since Ameren Illinois' federal and state income tax liability was zero in 2009, tax overpayments were made to Ameren's parent company that then paid the federal and state taxing authorities. These payments should have been recorded in the appropriate accounts receivable account under the Commission's accounting regulations because Ameren Illinois subsequently received refunds from the parent company for such overpayments. This improper accounting classification led to an overstatement of the Attachment O revenue requirement which resulted in overbilling to wholesale transmission customers.
Ameren Illinois Company	FA13-1-000	2/14/2015	Incorrectly recorded refunds expected from the federal and state taxing authorities (taxing authorities) in Account 165, Prepayments instead of booking the refund obligation in the appropriate account for receivables. Since Ameren Illinois' formula rate recovery mechanism permitted it to earn a return on amounts included in Account 165, the improper accounting resulted in an overstatement of the Attachment O revenue requirement which resulted in overbillings to wholesale transmission.

Misapplication of the Uniform System of Accounts
Plant

Company	Docket Number	Date	Summary of finding
National Grid USA	FA16-2-000	11/15/2019	**Depreciation Expense of Service Companies Assets –** National Grid USA Service Company (NGUSASCo) and National Grid Engineering & Survey Inc. (NGE&S) used improper composite depreciation rates to determine depreciation expense accrued on certain property. This led the two service companies to accrue depreciation expense at rates not consistent with Commission accounting rules. The service companies then allocated and billed the incorrectly calculated depreciation expense to their public utility and nonutility affiliates. As a result, amounts billed to public utility affiliates with transmission formula rates were included in the rates charged to wholesale transmission customers.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Jointly Owned Assets –** Cleco Power improperly recorded the cost of a transmission asset it did not own in Account 353, Station Equipment, and improperly included the cost of the transmission asset it did not own in its transmission formula rate for the purpose of computing billings to wholesale transmission customers. As a result, Cleco Power overstated its wholesale transmission revenue requirements by approximately $89,000 and overbilled wholesale transmission customers from 2014 to 2016.
Cleco Power LLC	FA18-3-000	9/27/2019	**Electric Plant Held for Future Use –** Cleco Power improperly recovered the cost of generation, distribution and gas pipeline assets recorded in Account 105, Electric Plant Held for Future Use, through its wholesale transmission formula rates. As a result, Cleco Power overstated its wholesale transmission revenue requirement by approximately $158,000 and overbilled wholesale transmission customers from 2014 to 2018.
Avista Corporation	PA18-2-000	9/19/2019	**Capitalization of System Planning Costs –** Avista improperly capitalized system planning costs of approximately $2.8 million as a cost of plant through its CWIP between 2014 and 2017. When subsequently correcting this error, by removing approximately $2.6 million from the cost of plant, Avista did not remove the related accumulated provision for depreciation, current and deferred income taxes, and AFUDC.
Avista Corporation	PA18-2-000	9/19/2019	**Asset Retirement Obligations –** Avista improperly accounted for certain items related to its Asset Retirement Obligations (ARO). Specifically, Avista did not record Asset Retirement Cost (ARC) depreciation expense in Account 403.1, Depreciation Expense, and ARO accretion expense in Account 411.10, Accretion Expense. Instead, Avista recorded those expenses directly in Account 182.3, Other Regulatory Assets.

Company	Docket Number	Date	Summary of finding
Ohio Power Company	FA17-2-000	9/6/2019	**Accounting for Plant in Service –** Ohio Power should strengthen its policies and procedures to improve its accounting practices for work orders associated with construction projects that have been placed in service and ensure that these construction work orders are transferred to appropriate plant in service accounts in a timely manner.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Capital Software Allocation –** XES incorrectly allocated capital costs of corporate software only to the Xcel utilities. Capital costs of software should be allocated to all Xcel companies benefitting from XES's use of the software. Xcel's utilities were charged an excessive amount of capital software costs as a result of XES's improper allocation.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Depreciation Rates –** During the audit period, NSPM used depreciation rates that were not previously filed with the Commission in the development of its wholesale transmission formula rate.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Accounting for Retirement Units –** NSPM inconsistently implemented a change to accounting for the retirement of transmission insulators to a retirement unit from a minor item of property, resulting in the gross balances of plant in service and the accumulated provision for depreciation being inappropriately stated in its financial reports, which adversely impacted the amounts used for billings to wholesale transmission customers.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Replacement of Minor Items of Property –** Transco improperly accounted for the cost to replace minor items of property. Transco capitalized the cost to utility plant instead of recording it in maintenance accounts as incurred. Transco's accounting caused utility plant to be overstated and maintenance expenses to be understated.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Unused Materials –** Transco improperly included unused materials in the cost of plant recorded in Account 106, Completed Construction Not Classified, during the audit period. This led the company to overstate its plant in service.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Preliminary Survey and Investigation Charges –** Transco improperly accounted for feasibility evaluation costs on contemplated construction projects. As a result, expenses reported in the FERC Form No. 2 were overstated in some periods and understated in others.
Equitrans, L.P	FA17-6-000	10/19/2018	**Accounting for Unused Materials –** Equitrans incorrectly included approximately $1.3 million of unused materials in construction work orders and therefore overstated the cost of plant recorded in Account 101, Gas Plant in Service, during the audit period.

Company	Docket Number	Date	Summary of finding
Equitrans, L.P	FA17-6-000	10/19/2018	**Plant Held for Future Use –** Equitrans recorded assets in Account 105, Plant Held for Future Use, without a definite plan for their future use in gas service. The accounting resulted in a misclassification of plant balances in its FERC Form No. 2.
American Transmission Company LLC	FA16-1-000	2/14/2018	**Accounting and Filings Associated with Electric Plant Sold –** ATC did not use Account 102, Electric Plant Purchased or Sold, to record two sales of operating units, and did not file with the Commission the journal entries for three sales of operating units. Additionally, ATC improperly recorded the gains and losses for the sales of land in Account 411.6, Gains from disposition of utility plant, and Account 411.7, Losses from disposition of utility plant, instead of Account 421.1, Gain on Disposition of Property, and Account 421.2, Loss on Disposition of Property, as the Commission requires.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Allocation of Overhead Costs to CWIP –** DETI capitalized overhead costs to Account 107, Construction Work in Progress-Gas, using an allocation method that was not based on actual time employees were engaged in construction activities or on a representative time study. This led to DETI charging costs to Account 107 that did not have a definite relation to construction. As a result, DETI overstated construction costs in Account 107 and gas plant in service, as well as accumulated depreciation and accumulated deferred income tax balances, and understated the amount of operating expenses chargeable to income each accounting period since 2012.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Filing of Proposed Accounting for the Sale of Gas Plant Assets –** DETI did not file its proposed journal entries with the Commission within six months from the date of the sale of its Line No. TL-388 and associated facilities to Blue Racer Midstream, LLC, as required. As a result, the Commission's ability to timely review and evaluate the journal entries was hindered.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Allocation of Overhead Costs to CWIP –** DETI capitalized overhead costs to Account 107, Construction Work in Progress-Gas, using an allocation method that was not based on actual time employees were engaged in construction activities or on a representative time study. This led to DETI charging costs to Account 107 that did not have a definite relation to construction. As a result, DETI overstated construction costs in Account 107 and gas plant in service, as well as accumulated depreciation and accumulated deferred income tax balances, and understated the amount of operating expenses chargeable to income each accounting period since 2012.
Gulf Power Company	FA15-5-000	9/26/2017	**Asset Retirement Obligations –** Gulf Power inappropriately excluded accumulated depreciation balances from wholesale transmission formula rate determinations that it removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, in the years following an accounting adjustment related to asset retirement obligations (AROs) in 2005. As a result, Gulf Power understated accumulated depreciation balances in its wholesale transmission formula rate by approximately $9.9 million since 2005, which had an impact on billings to its wholesale customers.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Cancelled Production Projects –** Georgia Power improperly wrote-off the costs of cancelled production projects accounted for in Account 183, Preliminary Survey and Investigation Charges to Account 930.2, Miscellaneous General Expenses. As a result, Georgia Power inappropriately overbilled its wholesale customers due to the inclusion of unauthorized production-related cost included in the wholesale transmission rates.
Georgia Power Company	FA15-6-000	9/26/2017	**Accumulated Provision of Depreciation of Electric Plant –** Georgia Power inappropriately removed $350.8 million of accumulated depreciation expenses related to production, transmission, distribution, and general plant from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, without obtaining approval from the Commission. This accounting led Georgia Power to misrepresent the net book balance of plant assets reported in its FERC Form No. 1 and resulted in decreased billings to its wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Asset Retirement Obligations –** Alabama Power inappropriately excluded accumulated depreciation balances from wholesale transmission formula rate determinations that it removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, following an accounting adjustment related to AROs in 2005. As a result, Alabama Power understated accumulated depreciation balances in its wholesale transmission formula rate by approximately $19.3 million since 2005, which had an impact on billings to its wholesale customers.
Mississippi Power Company	FA15-8-000	9/26/2017	**Asset Retirement Obligations –** Mississippi Power did not adjust the balance in Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, to remove $986,591 debited to this account during the implementation of Financial Accounting Standards Board (FASB) Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, in 2005. As a result, Mississippi Power used incorrect net plant allocators in formula rate development since 2005, which had an impact on billings to its wholesale customers.
Mississippi Power Company	FA15-8-000	9/26/2017	**Accounting for Estimated Final Land Reclamation –** Mississippi Power incorrectly determined the depreciation component of the estimated final land reclamation erroneously included in Account 151 on the straight-line method instead of the unit of production method.
Gulf Power Company	FA15-5-000	9/26/2017	**Asset Retirement Obligations –** Gulf Power inappropriately excluded accumulated depreciation balances from wholesale transmission formula rate determinations that it removed from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, in the years following an accounting adjustment related to asset retirement obligations (AROs) in 2005. As a result, Gulf Power understated accumulated depreciation balances in its wholesale transmission formula rate by approximately $9.9 million since 2005, which had an impact on billings to its wholesale customers.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Accumulated Provision of Depreciation of Electric Plant –** Georgia Power inappropriately removed $350.8 million of accumulated depreciation expenses related to production, transmission, distribution, and general plant from Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, without obtaining approval from the Commission. This accounting led Georgia Power to misrepresent the net book balance of plant assets reported in its FERC Form No. 1 and resulted in decreased billings to its wholesale customers.
Alabama Power Company	FA15-7-000	9/26/2017	**Accounting for Estimated Final Land Reclamation –** Mississippi Power incorrectly determined the depreciation component of the estimated final land reclamation erroneously included in Account 151 on the straight-line method instead of the unit of production method.
Mississippi Power Company	FA15-8-000	9/26/2017	**Asset Retirement Obligations –** Mississippi Power did not adjust the balance in Account 108, Accumulated Provision for Depreciation of Electric Utility Plant, to remove $986,591 debited to this account during the implementation of Financial Accounting Standards Board (FASB) Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, in 2005. As a result, Mississippi Power used incorrect net plant allocators in formula rate development since 2005, which had an impact on billings to its wholesale customers.
Mississippi Power Company	FA15-8-000	9/26/2017	**Accounting for Estimated Final Land Reclamation –** Mississippi Power incorrectly determined the depreciation component of the estimated final land reclamation erroneously included in Account 151 on the straight-line method instead of the unit of production method.
NV Energy, Inc.	PA15-2-000	1/12/2017	**Accounting for Asset Retirement Obligations –** Nevada Power and Sierra Pacific incorrectly accounted for adjustments to Asset Retirement Obligation (ARO) balances. The incorrect accounting resulted in the companies inappropriately reporting negative ARO asset balances, and inflated balances for regulatory assets associated with AROs in their respective Form No. 1 reports.
Plantation Pipeline Company	FA15-12-000	12/23/2016	**Carrier Property Depreciation Rates and Accruals –** Plantation did not adjust depreciation rates when they were no longer applicable and continued to accrue depreciation expense on certain carrier property accounts after they became fully depreciated. This resulted in Plantation recording $16.4 million of depreciation expense in excess of the book cost of the assets in these accounts, as of December 31, 2014.
Plantation Pipeline Company	FA15-12-000	12/23/2016	**Retirement of Carrier Property Assets –** Plantation did not timely remove the book cost of several assets from its carrier property accounts upon replacing and removing them from service. This resulted in the overstating of depreciation expense and the accrued depreciation reserve in the carrier property accounts. Additionally, Plantation did not maintain its records to readily provide, upon request, full information for some of the assets not properly removed from carrier property upon their retirement from service.

Company	Docket Number	Date	Summary of finding
Plantation Pipeline Company	FA15-12-000	12/23/2016	**Carrier Property Depreciation Rates and Accruals –** Plantation did not adjust depreciation rates when they were no longer applicable and continued to accrue depreciation expense on certain carrier property accounts after they became fully depreciated. This resulted in Plantation recording $16.4 million of depreciation expense in excess of the book cost of the assets in these accounts, as of December 31, 2014.
Plantation Pipeline Company	FA15-12-000	12/23/2016	**Retirement of Carrier Property Assets –** Plantation did not timely remove the book cost of several assets from its carrier property accounts upon replacing and removing them from service. This resulted in the overstating of depreciation expense and the accrued depreciation reserve in the carrier property accounts. Additionally, Plantation did not maintain its records to readily provide, upon request, full information for some of the assets not properly removed from carrier property upon their retirement from service.
Westar Energy	FA15-9-000	9/29/2016	Westar did not transfer the balances to Account 101, Electric Plant in Service, from Account 106, Completed Construction Not Classified – Electric, in a timely manner despite the fact that those projects could be readily classified according to prescribed account classifications. Westar represented that balances remained in Account 106 due to process inefficiencies in Westar's construction and engineering departments, system-related issues and employee turnover within the property accounting department.
Westar Energy	FA15-9-000	9/29/2016	Westar improperly accounted for asset retirement obligations (AROs) related to its utility plant assets by (1) Improperly recording asset retirement cost depreciation expense in Account 182.3 rather than properly recording this expense in Account 403.1, Depreciation Expense for Asset Retirement Costs and (2) Improperly recording accretion expense in Account 182.3, Other Regulatory Assets, rather than properly recording this expense to Account 411.10, Accretion Expense.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly accounted for asset retirement obligations (AROs) related to its utility plant assets by (1) Improperly recording asset retirement cost depreciation expense in Account 182.3 rather than properly recording this expense in Account 403.1, Depreciation Expense for Asset Retirement Costs, and (2) Improperly recording accretion expense in Account 182.3, Other Regulatory Assets, rather than properly recording this expense to Account 411.10, Accretion Expense.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE applied state-approved depreciation rates to transmission assets of the Wolf Creek Generating Station from 2012 through 2015, instead of FERC-approved depreciation rates. Based on this improper accounting, KGE only recorded ARO amounts in balance sheet accounts and not income statement accounts. Also, KGE improperly included Account 359.1, Asset Retirement Costs for Transmission Plant, in its wholesale transmission formula rate calculations without seeking Commission approval. As a result, KGE overbilled wholesale transmission customers.

Company	Docket Number	Date	Summary of finding
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE did not transfer the balances to Account 101, Electric Plant in Service, from Account 106, Completed Construction Not Classified – Electric, in a timely manner despite the fact that those projects could be readily classified according to prescribed account classifications. The balances remained in Account 106 due to process inefficiencies in KGE's construction and engineering departments, system-related issues, and employee turnover in the property accounting department.
Westar Energy	FA15-9-000	9/29/2016	Westar did not transfer the balances to Account 101, Electric Plant in Service, from Account 106, Completed Construction Not Classified – Electric, in a timely manner despite the fact that those projects could be readily classified according to prescribed account classifications. Westar represented that balances remained in Account 106 due to process inefficiencies in Westar's construction and engineering departments, system-related issues and employee turnover within the property accounting department.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly accounted for asset retirement obligations (AROs) related to its utility plant assets by (1) Improperly recording asset retirement cost depreciation expense in Account 182.3 rather than properly recording this expense in Account 403.1, Depreciation Expense for Asset Retirement Costs, and (2) Improperly recording accretion expense in Account 182.3, Other Regulatory Assets, rather than properly recording this expense to Account 411.10, Accretion Expense.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE applied state-approved depreciation rates to transmission assets of the Wolf Creek Generating Station from 2012 through 2015, instead of FERC-approved depreciation rates.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE did not transfer the balances to Account 101, Electric Plant in Service, from Account 106, Completed Construction Not Classified – Electric, in a timely manner despite the fact that those projects could be readily classified according to prescribed account classifications. The balances remained in Account 106 due to process inefficiencies in KGE's construction and engineering departments, system-related issues, and employee turnover in the property accounting department.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin improperly recorded cost accruals related to construction work in progress in Account 253, Other Deferred Credits. Also, Destin improperly recorded certain nonrefundable reimbursements/advances of costs related to two projects under construction by customers in Account 253, instead of recording these amounts as reductions to Account 107, Construction Work in Progress – Gas.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin improperly recorded cost accruals related to construction work in progress in Account 253, Other Deferred Credits. Also, Destin improperly recorded certain nonrefundable reimbursements/advances of costs related to two projects under construction by customers in Account 253, instead of recording these amounts as reductions to Account 107, Construction Work in Progress – Gas.

Company	Docket Number	Date	Summary of finding
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Application of Commission-Approved Depreciation Expense –** NGPL incorrectly applied Commission-approved depreciation rates to certain classes of property for 2011 to 2013. This misapplication understated depreciation expense and accumulated depreciation by about $1.7 million, which led to an overstatement in net income for those periods. NGPL also reported depreciation expense on the wrong line of its 2012 FERC Form No. 2.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Common Plant Depreciation and Amortization Expense –** PSCo overstated common plant depreciation and amortization expense due to computational errors between 2004 and 2011. As a result of these errors, PSCo overbilled wholesale transmission and production customers by $244,024.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Transmission Plant Acquisition Adjustment –** PSCo recorded amounts above original costs, which represented a plant acquisition adjustment, in Account 101 rather than Account 114 for nearly two years prior to obtaining Commission approval to book such amounts in Account 114. As a result, PSCo recovered amounts prematurely from wholesale customers related to the acquisition adjustment.
Union Electric Company	FA13-2-000	3/27/2015	From June 1, 2004 to present, improperly used depreciation rates approved by its state regulator rather than the Commission when accruing and recording depreciation expense associated with transmission and general utility plant included in formula rate determinations and billings to wholesale transmission customers without making a filing under section 205 of the Federal Power Act (FPA).
Union Electric Company	FA13-2-000	3/27/2015	From June 1, 2004 to present, improperly used depreciation rates approved by its state regulator rather than the Commission when accruing and recording depreciation expense associated with transmission and general utility plant included in formula rate determinations and billings to wholesale transmission customers without making a filing under section 205 of the Federal Power Act (FPA).

Misapplication of the Uniform System of Accounts
Consolidation

Company	Docket Number	Date	Summary of finding
Alabama Power Company	FA15-7-000	9/26/2017	**Accounting for Subsidiary Investment –** Alabama Power inappropriately accounted for its investment in a subsidiary, Alabama Property Company, on a consolidated basis in its FERC Form No. 1 reports, contrary to the Commission's long-standing accounting policy.
Alabama Power Company	FA15-7-000	9/26/2017	**Accounting for Subsidiary Investment –** Alabama Power inappropriately accounted for its investment in a subsidiary, Alabama Property Company, on a consolidated basis in its FERC Form No. 1 reports, contrary to the Commission's long-standing accounting policy.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Accounting for Sales of Accounts Receivable –** DEC, DEP, and DEF misclassified an estimated $94.7 million of nonoperating expenses and receivables arising from transactions with their subsidiaries during the audit period. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $61 million.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Use of the Consolidation Method of Accounting –** DEC and DEP accounted for investments in subsidiaries on a consolidated basis in their FERC Form No. 1, Annual Reports (Form No. 1), contrary to the Commission's longstanding accounting policy.
Colonial Pipeline Company	FA14-4-000	6/17/2015	**Consolidated Method of Accounting –** Colonial improperly reported its investment in Colonial Pipeline Company of Pennsylvania, CP Dogwood, and Energy Logistics Solutions under the consolidated method of accounting instead of using the equity method of accounting, as required by the Commission. By consolidating, Colonial's financial statements did not appropriately reflect its investments in subsidiary companies.
Colonial Pipeline Company	FA14-4-000	6/17/2015	**Consolidated Method of Accounting –** Colonial improperly reported its investment in Colonial Pipeline Company of Pennsylvania, CP Dogwood, and Energy Logistics Solutions under the consolidated method of accounting instead of using the equity method of accounting, as required by the Commission. By consolidating, Colonial's financial statements did not appropriately reflect its investments in subsidiary companies.

Misapplication of the Uniform System of Accounts
Interstate Gas Company-specific accounts

Company	Docket Number	Date	Summary of finding
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Accounting for Operational Gas Sales –** Northern Natural's accounting for operational gas sales was inconsistent with Commission regulations governing system gas accounting. Due to the inconsistencies, Northern Natural incorrectly reported the transactions in the Form No. 2.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Accounting for Loss and Unaccounted for Gas (LAUF) –** Trunkline incorrectly accounted for LAUF as compressor fuel rather than in accounts designated for system gas losses. This accounting reduced the transparency of LAUF for financial reporting and fuel reimbursement purposes.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin improperly accounted for its gas imbalances by recording imbalances payable in Account 254, Other Regulatory Liabilities.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin did not account for gas volumes furnished to the pipeline by its shippers for compressor fuel and other pipeline system use.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin neither calculated nor accounted for amounts related to lost and unaccounted-for gas since inception of operations.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin improperly accounted for its gas imbalances by recording imbalances payable in Account 254, Other Regulatory Liabilities.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin did not account for gas volumes furnished to the pipeline by its shippers for compressor fuel and other pipeline system use.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin neither calculated nor accounted for amounts related to lost and unaccounted-for gas since inception of operations.
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Accounting for Pipeline Integrity Management Costs –** NGPL inappropriately used operation expense accounts, Account 824, Other Expenses, and Account 859, Other Expenses, to record maintenance expenses related primarily to pipeline integrity management activities. Instead, NGPL should have used the appropriate maintenance expense accounts, Accounts 830-837 and 861-867, as required by Commission regulations. As a result, NGPL overstated operation expenses and understated maintenance expenses.

Company	Docket Number	Date	Summary of finding
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Valuation Method Used for System Gas –** NGPL improperly used the Hedge Plan Price (HPP) method rather than the Average Monthly Index Price (AMIP) method approved in its tariff to value system gas activities. Valuing system gas using the HPP method exceeded the value derived using the AMIP method. As a result, NGPL overstated balance sheet gas inventory accounts used to record system gas activities during the audit period.
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Accounting for Shipper Imbalances and Cash-outs –** NGPL internally tracked, but did not account for, shipper imbalance activity in its general ledger for the accounting month an imbalance occurred. Absent recording these imbalances, NGPL did not accrue and recognize amounts for these activities on its balance sheet and income statement in the period of recognition. Also, NGPL used Account 142, Accounts Receivable to reflect payables and Account 805, Other Gas Purchases to reflect revenues for cash-outs of shipper long and short imbalance positions. Confining these activities in receivable and expense accounts did not allow for proper recognition of payables in Account 232, Accounts Payable and revenues in Account 495, Other Gas Revenues. This accounting impacted the transparency and usefulness of NGPL's financial statements in the FERC Form No.2.
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Accounting for Lost and Unaccounted-for Gas –** NGPL incorrectly recorded amounts for system gas losses or lost and unaccounted-for gas (LAUF) in Account 854, Gas for Compressor Station Fuel, instead of Account 813, Other Gas Supply Expenses. As a result, NGPL overstated transmission expenses and understated production expenses in its general ledger. Since these account misstatements offset one another, there was no effect on the income statement reported in NGPL's FERC Form No. 2.
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Accounting for Lost and Unaccounted-for Gas –** NGPL incorrectly recorded amounts for system gas losses or lost and unaccounted-for gas (LAUF) in Account 854, Gas for Compressor Station Fuel, instead of Account 813, Other Gas Supply Expenses. As a result, NGPL overstated transmission expenses and understated production expenses in its general ledger. Since these account misstatements offset one another, there was no effect on the income statement reported in NGPL's FERC Form No. 2.
Kinder Morgan, Inc.	FA-14-10-000	6/4/2015	**Accounting for Maintenance Expenses –** After the merger, EPC legacy entities adopted the accounting classification procedures used by KMI legacy entities for certain maintenance expenses that were inconsistent with Commission rules and regulations under 18 C.F.R. Part 201. This resulted in the KMI jurisdictional entities inappropriately using operating expense Account 824, Other Expenses, and Account 859, Other Expenses, to classify pipeline assessment expenses and other maintenance costs.

Company	Docket Number	Date	Summary of finding
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Sale of Converted Volumes at Gain –** From 2010 to 2013, SNG inappropriately recorded the gain of $9,628,377 for sale of in-kind volumes of gas in Account 813, Other Gas Supply Expenses, instead of Account 495, Other Gas Revenues, as required by the USofA.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Transmission Mains and Compressor Station Expenses –** SNG incorrectly accounted for $876,191 of transmission mains expense when it credited Account 810, Gas Used for Compression Station Fuel, instead of crediting Account 812, Gas Used for Other Utility Operations, as required by the USofA. Also, amounts related to compressor station expenses were properly debited to Account 818, Compressor Station Expenses, but incorrectly credited to Account 810.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Gas Losses –** SNG did not reverse journal entries related to gas losses at the conclusion of testing its measurement systems, which resulted in an overstatement in Account 853, Compressor Station Labor and Expenses, and Account 812, Gas Used for Other Utility Operations-Credit by $4,617.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Line Pack Inventory Changes –** SNG inappropriately and inconsistently accounted for changes in line pack. Specifically, SNG inappropriately used the wrong Accounts to account for changes in line pack when SNG injected and withdrew gas from its systems.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**SNG Accounting for Penalties –** SNG incorrectly accounted for a civil penalty totaling $92,250 that the U.S. Department of Transportation assessed for SNG's pipeline Integrity Management Program. The penalty was improperly included in Account 863, Maintenance of Mains, instead of Account 426.3, Penalties, as required by the Commission.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Maintenance Expense –** SNG inappropriately used Account 859, Other Expenses, which is an operations expense account, to record maintenance expenses, mostly for pipeline assessment costs. Instead, SNG should have used the appropriate maintenance expense accounts, Accounts 861-867, as required by Commission accounting regulations and precedent.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Sale of Converted Volumes at Gain –** From 2010 to 2013, SNG inappropriately recorded the gain of $9,628,377 for sale of in-kind volumes of gas in Account 813, Other Gas Supply Expenses, instead of Account 495, Other Gas Revenues, as required by the USofA.

Company	Docket Number	Date	Summary of finding
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Transmission Mains and Compressor Station Expenses –** SNG incorrectly accounted for $876,191 of transmission mains expense when it credited Account 810, Gas Used for Compression Station Fuel, instead of crediting Account 812, Gas Used for Other Utility Operations, as required by the USofA. Also, amounts related to compressor station expenses were properly debited to Account 818, Compressor Station Expenses, but incorrectly credited to Account 810.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Gas Losses –** SNG did not reverse journal entries related to gas losses at the conclusion of testing its measurement systems, which resulted in an overstatement in Account 853, Compressor Station Labor and Expenses, and Account 812, Gas Used for Other Utility Operations-Credit by $4,617.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**Accounting for Line Pack Inventory Changes –** SNG inappropriately and inconsistently accounted for changes in line pack. Specifically, SNG inappropriately used the wrong Accounts to account for changes in line pack when SNG injected and withdrew gas from its systems.
Southern Natural Gas Company	FA13-7-000	4/14/2015	**SNG Accounting for Penalties –** SNG incorrectly accounted for a civil penalty totaling $92,250 that the U.S. Department of Transportation assessed for SNG's pipeline Integrity Management Program. The penalty was improperly included in Account 863, Maintenance of Mains, instead of Account 426.3, Penalties, as required by the Commission.

Misapplication of the Uniform System of Accounts *Others*

Company	Docket Number	Date	Summary of finding
Cleco Power LLC	FA18-3-000	9/27/2019	**Transmission Revenue Credits –** Cleco Power improperly recorded rental revenue from its affiliate in Account 455, Interdepartmental Rents, instead of in Account 454, Rent from Electric Property. As a result, Cleco Power understated the revenue credits included in its wholesale transmission formula rates, which led to an overstatement of its wholesale transmission revenue requirements by approximately $100,000 and overbilled its wholesale transmission customers from 2016 to 2018.
Cleco Power LLC	FA18-3-000	9/27/2019	**Accounting for Regulatory Assets –** Cleco Power improperly recorded regulatory assets approved by the Louisiana Public Service Commission (LPSC) in Account 182.1, Extraordinary Property Losses, without Commission approval.
Northern States Power Company (Minnesota)	FA17-5-000	7/31/2019	**Accounting Classification for Contingent Liabilities –** NSPM did not use the proper accounts to classify certain contingent liabilities in accordance with the requirements of the Uniform System of Accounts.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Cash Management and Affiliate Transactions –** Trunkline incorrectly recorded cash management and affiliate transactions that it carried for less than a year as long-term investments or cash advances rather than as short term receivables or payables. As a result, Trunkline incorrectly reported short-term receivables, short-term payables, long-term investments, and long-term cash advances in its FERC Form 2.
Kansas City Power & Light Company	PA17-4-000	8/24/2018	**Accounting for Derivative Instruments –** KCP&L improperly recorded derivative instruments that were not designated as cash flow or fair value hedges in Account 176, Derivative Instrument Assets-Hedges, Account 245, Derivative Instrument Liabilities-Hedges, and Account 253, Other deferred credits. KCP&L also incorrectly recorded gains and losses on the derivative instruments for its Missouri jurisdiction in Account 447, Sales for Resale, and Account 547, Fuel. These misclassifications did not impact wholesale rates, but did reduce the accuracy and transparency of the accounting for these activities as derivative instruments to users of the FERC Form No. 1.
Dominion Energy, Inc.	FA15-16-000	11/8/2017	**Accounting for Greenlick Storage Fire Gas Loss Regulatory Asset –** DETI inappropriately deferred $15,145,515 of gas loss costs in Account 182.3, Other Regulatory Assets, based on criteria applicable to extraordinary items, instead of expensing the costs in the period incurred. DETI's accounting resulted in it overstating assets reported in its 2008 through 2016 FERC Form No. 2 and understating operating expenses incurred in 2008.

Company	Docket Number	Date	Summary of finding
Alabama Power Company	FA15-7-000	9/26/2017	**Separation of Nuclear Decommissioning Trust Fund Monies –** Alabama Power did not separately account for monies in its nuclear decommissioning trust funds (NDTFs) that it collected from wholesale and retail customers to provide for the decommissioning of its nuclear plant. As a result, monies collected from wholesale and retail customers were comingled rather than separately accounted for in Alabama Power's NDTFs.
Alabama Power Company	FA15-7-000	9/26/2017	**Regulatory Assets –** Alabama Power inappropriately included a regulatory asset associated with unpaid holiday pay in wholesale formula rate determinations. As a result, Alabama Power improperly billed its wholesale customers a return on the regulatory asset for unpaid holiday pay that resulted in no outlay of cash.
Gulf Power Company	FA15-5-000	9/26/2017	**Commitment Fees –** Gulf Power improperly accounted for upfront bank fees paid associated with revolving lines of credit agreements in Account 165, Prepayments, and improperly amortized the fees to Account 930.2, Miscellaneous General Expenses, over the term of the line of credit agreements. In addition, Gulf Power improperly accounted for the related quarterly commitment fees in Account 930.2. As a result of these errors, Gulf Power overstated its revenue requirement and increased billings to wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Commitment Fees –** Georgia Power improperly accounted for upfront fees paid associated with revolving line of credit agreements in Account 165, Prepayments, and quarterly commitment and letter of credit fees on the agreements in Account 930.2, Miscellaneous General Expenses. In addition, Georgia Power inappropriately amortized the upfront fees paid to Account 930.2. The accounting misclassifications of the fees overstated the transmission revenue requirement and resulted in overbillings to Georgia Power's wholesale customers.
Georgia Power Company	FA15-6-000	9/26/2017	**Regulatory Assets –** Georgia Power inappropriately included regulatory assets associated with retail-related storm damage costs and unpaid vacation pay in wholesale formula rate determinations without specific Commission authorization. As a result, Georgia Power improperly billed its wholesale customers a return on the regulatory asset for: (1) storm damage costs that were not incurred to repair or restore transmission facilities and (2) unpaid vacation pay that resulted in no outlay of cash.
Alabama Power Company	FA15-7-000	9/26/2017	**Separation of Nuclear Decommissioning Trust Fund Monies –** Alabama Power did not separately account for monies in its nuclear decommissioning trust funds (NDTFs) that it collected from wholesale and retail customers to provide for the decommissioning of its nuclear plant. As a result, monies collected from wholesale and retail customers were comingled rather than separately accounted for in Alabama Power's NDTFs.

Company	Docket Number	Date	Summary of finding
Alabama Power Company	FA15-7-000	9/26/2017	**Regulatory Assets** – Alabama Power inappropriately included a regulatory asset associated with unpaid holiday pay in wholesale formula rate determinations. As a result, Alabama Power improperly billed its wholesale customers a return on the regulatory asset for unpaid holiday pay that resulted in no outlay of cash.
NV Energy, Inc.	PA15-2-000	1/12/2017	**Accounting for Trust Funds –** Nevada Power and Sierra Pacific improperly accounted for special-purpose funds deposited in an external trust in Account 165, Prepayments. The companies' accounting misrepresented the amount of assets reported in their respective Form No. 1 reports as available for general utility operations.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Accounting and Reporting for Derivative Instruments –** NDPL improperly recorded amounts related to derivative instruments that were not classified as either "cash flow" or "fair value" hedges in Account 47, Derivative Instrument Assets-Hedges, which should have been included in Account 46, Derivative Instrument Assets. This accounting treatment also included deferral of gains and losses on the changes in fair value of the derivative instruments, along with the recording of the realized gains or losses in Account 230, Allowance Oil Revenue, rather than the proper non-operating miscellaneous income or expense accounts. The income statements, balance sheets and page 700 revenues were misstated as a result of NDPL's accounting for derivative instruments.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin did not recognize an accounts receivable or prepayment at the time it overpaid for services related to a management agreement between it and BP Pipelines (North America), Inc.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin did not recognize an accounts receivable or prepayment at the time it overpaid for services related to a management agreement between it and BP Pipelines (North America), Inc.
Emera Maine	PA15-4-000	1/4/2016	**Misclassification of Canceled Stock –** Emera Maine incorrectly reclassified $11,792,368 of canceled Maine Public common stock in Account 207, Premium Capital Stock, instead of Account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, as required by Commission regulations.
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**Accounting for Prepaid Pension Assets –** BGE misclassified what it characterized as a prepaid pension asset in Account 146, Accounts Receivable from Associated Companies, and Account 124, Other Investments, instead of Account 186, Miscellaneous Deferred Debits, as required by the Commission accounting regulations.
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**Accounting for Prepaid Pension Assets –** BGE misclassified what it characterized as a prepaid pension asset in Account 146, Accounts Receivable from Associated Companies, and Account 124, Other Investments, instead of Account 186, Miscellaneous Deferred Debits, as required by the Commission accounting regulations.

Company	Docket Number	Date	Summary of finding
Kinder Morgan, Inc.	FA-14-10-000	6/4/2015	**Miscellaneous Accounting Classification Errors –** KMI jurisdictional entities accounted for certain costs inconsistent with Commission rules and regulations under 18 C.F.R. Part 201.
Union Electric Company	FA13-2-000	3/27/2015	Improperly accounted for the underfunded status of its pension fund. The Company did not follow accounting guidance prescribed in Docket No. AI07-1-000. There was no impact on the wholesale transmission formula rate. However, the Company should comply with accounting guidance to properly reflect the recording of its overfunded pension plan status.
Union Electric Company	FA13-2-000	3/27/2015	Improperly accounted for the underfunded status of its pension fund. The Company did not follow accounting guidance prescribed in Docket No. AI07-1-000. There was no impact on the wholesale transmission formula rate. However the Company should comply with accounting guidance to properly reflect the recording of its overfunded pension plan status.
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly accounted for the under-funded status of its pension fund. The Company did not follow the accounting guidance prescribed in Docket No. AI07-1-000. There was no formula rate impact.
Ameren Illinois Company	FA13-1-000	2/14/2015	Improperly accounted for the under-funded status of its pension fund. The Company did not follow the accounting guidance prescribed in Docket No. AI07-1-000. There was no formula rate impact.

Inappropriate intercompany and intracompany allocations

Company	Docket Number	Date	Summary of finding
Exelon Corporation	PA18-3-000	11/21/2019	**Transmission Formula Rate Allocators –** Exelon's public utilities improperly included merger-related costs in their transmission formula rate allocators when they computed wholesale transmission revenue requirements. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements, which led to overbilling wholesale transmission customers by approximately $333,056.
National Grid USA	FA16-2-000	11/15/2019	**Cost Allocation Methodologies –** NGUSASCo and NGE&S did not consistently use their documented cost allocation methods, nor timely update their general ledger system to reflect changes in the allocation percentages actually used to bill affiliates. These errors led the service companies to over allocate costs to certain National Grid public utility subsidiaries, and these public utilities in turn overbilled their respective wholesale transmission customers.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Allocation of XES Income Tax Expense –** XES allocated its income tax expense only to the Xcel utilities. XES should have allocated its income tax expense to all Xcel companies benefiting from XES's activities that caused XES to incur income tax expense.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Allocation of Network and Telecommunication Costs –** XES used an improper allocation methodology to assign shared costs for operation, maintenance, and management of the company's information technology network in 2016 and 2017. Use of this allocation methodology led XES to improperly charge administrative and general costs to the Xcel utilities and led to improper billings to Xcel's wholesale transmission customers.
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Allocation of Costs to Market-Based Rate Storage Facilities –** Northern Natural inaccurately allocated payroll costs and never assigned compressor electricity costs to Redfield market-based storage facilities. As a result, Northern Natural overstated market-based storage operating and maintenance expenses reported on Page 217 of Form No. 2 by about $740,000 for the period reviewed.
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Allocation of Payroll to Operating and Maintenance Accounts –** Northern Natural did not maintain sufficient records to support payroll allocations to operating and maintenance expense accounts. As a result, Northern Natural could not demonstrate allocations were based on actual time engaged, or on a study of time engaged during a representative period, as Commission regulations require.

Company	Docket Number	Date	Summary of finding
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Allocation of Costs to Construction Overheads –** Northern Natural did not consistently perform annual surveys and maintain records to support the allocation of employee labor costs to construction overheads. Northern Natural also used an arbitrary percentage from a single budget year to allocate labor costs to overheads, which was inconsistent with Commission accounting instructions and company policy. As a result, Northern Natural could not demonstrate the allocations were based on actual time engaged, or on a study of time engaged during a representative period, as Commission regulations require.
American Electric Power Company, Inc.	FA17-1-000	4/23/2019	**Accounting for Administrative and General Expenses –** AEPSC misclassified various administrative and general labor, membership dues, outside services, and advertising expenses among various administrative and general expense accounts. In addition, AEPSC allocated and billed these costs to the jurisdictional utilities, and these utilities then misclassified these costs in their FERC Form No. 1 filings. As a result, the improper accounting for certain administrative and general expenses led to overbillings to wholesale transmission customers through the jurisdictional utilities' formula rate mechanisms
Westar Energy	FA15-9-000	9/29/2016	Westar improperly recorded distribution plant amounts in transmission accounts that are included in the wholesale transmission formula rate. As a result, Westar overstated various transmission accounts and overbilled wholesale transmission customers.
Kansas Gas & Electric	FA15-15-000	9/29/2016	KGE improperly recorded distribution plant amounts in transmission accounts that are included in the wholesale transmission formula rate. As a result, KGE overstated various transmission accounts and overbilled wholesale transmission customers.
Duke Energy Corporation	PA14-2-000	4/1/2016	**Allocation of Lobbyist Labor Costs –** Duke Companies accounted for the labor costs of internal lobbyists and their support staff in operating accounts that lacked support for inclusion in the accounts. Improper accounting for the costs can lead to inappropriate recovery of the costs through rates charged and billed to customers.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Allocation of Service Company Costs –** XES used an improper allocation methodology to assign shared costs for technical support, maintenance, and training related to information technology services to its jurisdictional operating companies from 2007 to 2012. Use of this allocation methodology overstated general and administrative costs assigned to its operating companies. For PSCo, it resulted in overbilling transmission customers $133,451 for the rates in effect in 2008 to 2012 and production customers $63,814 for the rates in effect from September 2011 to December 2012.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Direct Assignment of Interconnection Costs –** PSCo improperly billed costs associated with owning, operating, maintaining, repairing, and replacing interconnection facilities to its transmission customers through its formula rate mechanism instead of directly charging specific interconnection customers during the audit period.

Inappropriate financial reporting and disclosure

Company	Docket Number	Date	Summary of finding
National Grid USA	FA16-2-000	11/15/2019	**Service Company Account Misclassifications –** NGUSASCo improperly accounted for various administrative and general expenses in its books and records. As a result, NGUSASCo overstated certain administrative and general accounts it billed to National Grid public utility subsidiaries, resulting in misclassifications reported in the public utilities' FERC Form No. 1.
National Grid USA	FA16-2-000	11/15/2019	**Reporting of Transactions with Associated (Affiliated) Companies –** National Grid's public utility subsidiaries did not follow the instructions on page 429, Transactions with Associated (Affiliated) Companies, of the FERC Form No. 1 and as a result reported inaccurate and incomplete information for transactions with associated companies.
National Grid USA	FA16-2-000	11/15/2019	**Annual Report of Centralized Service Companies, FERC Form No. 60 (FERC Form No. 60) –** NGUSASCo and NGE&S did not complete the FERC Form No. 60 reports filed during the audit period in accordance with the general and schedule instructions of the form.
Cleco Power LLC	FA18-3-000	9/27/2019	**FERC Form No. 1 Reporting –** Cleco Power did not properly follow the FERC Form No. 1 instructions and, therefore, did not report all required information in its FERC Form No. 1 filings.
Avista Corporation	PA18-2-000	9/19/2019	**FERC Form No. 1 Reporting –** Avista did not comply with the instructions on page 398, Purchase and Sale of Ancillary Services, on its FERC Form No. 1 filings. This deficient reporting affected the reliability of information reported in Avista's FERC Form No. 1 submissions.
Ohio Power Company	FA17-2-000	9/6/2019	**FERC Form No. 1 Reporting –** Ohio Power did not report certain required information on select pages of its FERC Form No. 1. This reduced the transparency and usefulness of the information provided in the FERC Form No. 1.
Xcel Energy Inc.	FA17-4-000	8/29/2019	**Reporting of Cost Allocation Methodologies –** XES did not disclose all allocation methods used to allocate costs in its FERC Form No. 60 filings during the audit period.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Accounting for Incremental Rate Facilities Expenses –** Transco improperly reported expenses related to incremental rate facilities. As a result, its FERC Form No. 2 schedule page 217a, Non-Traditional Rate Treatment Afforded New Projects, was not accurate. This also impacted stakeholders' ability to discern expenses related to incremental rate facilities for rate and accounting purposes.

Company	Docket Number	Date	Summary of finding
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**FERC Form No. 2 Reporting –** Transco did not report required information in its FERC Form No. 2 filings, resulting in reduced transparency, accuracy, and usefulness of the reports.
Northern Natural Gas Company	PA16-2-000	5/14/2019	**Accounting for Employee Labor Costs –** Northern Natural misclassified labor costs of certain departments in administrative and general expense, and operating and maintenance expense accounts. The misclassifications averaging about $2.6 million per year during the audit period, affected the accuracy of expenses reported on Pages 317-325 of Northern Natural's Form No. 2.
Equitrans, L.P	FA17-6-000	10/19/2018	**FERC Form No. 2 Reporting –** Equitrans did not report certain information in its FERC Form No. 2 filings as required, resulting in reduced overall transparency, accuracy, and usefulness of the filings.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Removal of Assets and Liabilities Sold to an Affiliate –** Trunkline did not timely remove from its books certain assets and a regulatory liability for an asset retirement obligation associated with the sale of onshore and offshore facilities to its affiliate Sea Robin Pipeline Company in 2012. As a result, Trunkline continued to reflect these activities on its books and accrue depreciation expense on these assets in 2013-2015.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Reporting of Volumes for Gas Storage Projects –** Trunkline incorrectly reported volumetric data for its gas storage facility in the FERC Form 2. The error affected the accuracy of the amounts recorded in Account 808.1, Gas Withdrawn from Storage-Debit, and Account 808.2, Gas Injected into Storage-Credit.
California Independent System Operator Corporation	PA17-3-000	9/14/2018	**Assuring the Accuracy of Data Submitted to CAISO –** CAISO did not have sufficient controls to ensure certain data submitted by market participants were accurate and could be relied on by CAISO when performing its responsibilities under the OATT.
Kansas City Power & Light Company	PA17-4-000	8/24/2018	**Electric Quarterly Report Contracts and Transactions –** KCP&L's EQRs contained errors in the reporting of certain contract and transactional data during the audit period. These errors impact the Commission and other stakeholders' ability to effectively oversee wholesale electric market activities.
Gulf Power Company	FA15-5-000	9/26/2017	**Prior Period Adjustments –** Gulf Power improperly used materiality thresholds as justification for not recording adjustments stemming from accounting errors previously recorded in its books and records and reported in its FERC Form No. 1. In addition, Gulf Power did not have adequate procedures to timely address these accounting errors. Gulf Power also did not have procedures in place to reflect the formula rate impact of the accounting errors on billings to wholesale customers. This resulted in Gulf Power recording incomplete amounts in its books and records and in its FERC Form No. 1, as well as, improper billings to its wholesale customers.

Company	Docket Number	Date	Summary of finding
Gulf Power Company	FA15-5-000	9/26/2017	**FERC Form No. 1 Reporting –** Gulf Power did not properly follow FERC Form No. 1 instructions and, therefore, did not report all the required information in its FERC Form No. 1 filings.
Georgia Power Company	FA15-6-000	9/26/2017	**FERC Form No. 1 Reporting –** Georgia Power did not properly follow the FERC Form No. 1 reporting instructions and therefore did not report all the required information in its FERC Form No. 1 filings.
Georgia Power Company	FA15-6-000	9/26/2017	**Separation of Nuclear Decommissioning Trust Fund Monies –** Georgia Power did not separately account for monies in its nuclear decommissioning trust funds (NDTFs) that were collected from wholesale and retail customers to provide for the decommissioning of its nuclear plant. As a result, monies collected from wholesale and retail customers were comingled rather than separately accounted for in Georgia Power's NDTFs.
Alabama Power Company	FA15-7-000	9/26/2017	**FERC Form No. 1 Reporting –** Alabama Power did not properly follow the instructions of the FERC Form No. 1 and therefore did not report all the required information in its FERC Form No. 1 filings.
Mississippi Power Company	FA15-8-000	9/26/2017	**FERC Form No. 1 Reporting –** Mississippi Power did not properly follow the FERC Form No. 1 instructions and, therefore, did not report all required information in its 2014 FERC Form No. 1 filing.
Mississippi Power Company	FA15-8-000	9/26/2017	**Prior Period Adjustments –** Mississippi Power improperly used materiality thresholds as justification for not recording adjustments stemming from accounting errors previously recorded in its books and records and reported in its FERC Form No. 1. Also, it did not have adequate procedures to address these accounting matters in a timely fashion. Moreover, Mississippi Power did not consider the formula rate impact of the errors on billings to wholesale customers. As a result, the amounts recorded in Mississippi Power's books and records and reported in the FERC Form No. 1 were incomplete and billings to wholesale customers were impacted by these deficiencies.
Alabama Power Company	FA15-7-000	9/26/2017	**Prior Period Adjustments –** Alabama Power improperly used materiality thresholds as justification for not recording adjustments stemming from accounting errors previously recorded in its books and records and reported in its FERC Form No. 1. In addition, Alabama Power did not have adequate procedures to timely address these accounting errors. Alabama Power also did not have procedures in place to reflect the formula rate impact of the accounting errors on billings to wholesale customers. This resulted in Alabama Power recording incomplete amounts in its books and records and in its FERC Form No. 1, as well as improperly billing its wholesale customers.

Company	Docket Number	Date	Summary of finding
Georgia Power Company	FA15-6-000	9/26/2017	**Prior Period Adjustments –** Georgia Power's accounting and rate considerations associated with prior period adjustments were deficient. Specifically, Georgia Power did not: • Have adequate procedures to address in a timely manner prior period adjustments stemming from errors, misstatements, or corrections to estimates previously recorded in its books and records. • Correct prior period adjustments ranging from one to four years after the prior period adjustments were originally discovered. • Record correcting accounting entries in the current period in some situations when it deemed certain prior period adjustments immaterial. • Consider the rate implications of the prior period adjustments even though the adjustments impacted the wholesale formula rate recovery mechanism
Georgia Power Company	FA15-6-000	9/26/2017	**Prior Period Adjustments –** Georgia Power's accounting and rate considerations associated with prior period adjustments were deficient. Specifically, Georgia Power did not: • Have adequate procedures to address in a timely manner prior period adjustments stemming from errors, misstatements, or corrections to estimates previously recorded in its books and records. • Correct prior period adjustments ranging from one to four years after the prior period adjustments were originally discovered. • Record correcting accounting entries in the current period in some situations when it deemed certain prior period adjustments immaterial. • Consider the rate implications of the prior period adjustments even though the adjustments impacted the wholesale formula rate recovery mechanism. As a result, the amounts recorded in Georgia Power's books and records and reported in the FERC Form No. 1 were not complete and wholesale customers could have been overbilled to the extent that the prior period adjustments would have reduced their billings had Georgia Power considered the rate implications of prior period adjustments.
Alabama Power Company	FA15-7-000	9/26/2017	**Prior Period Adjustments –** Alabama Power improperly used materiality thresholds as justification for not recording adjustments stemming from accounting errors previously recorded in its books and records and reported in its FERC Form No. 1. In addition, Alabama Power did not have adequate procedures to timely address these accounting errors. Alabama Power also did not have procedures in place to reflect the formula rate impact of the accounting errors on billings to wholesale customers. This resulted in Alabama Power recording incomplete amounts in its books and records and in its FERC Form No. 1, as well as improperly billing its wholesale customers.

Company	Docket Number	Date	Summary of finding
Mississippi Power Company	FA15-8-000	9/26/2017	**Prior Period Adjustments –** Mississippi Power improperly used materiality thresholds as justification for not recording adjustments stemming from accounting errors previously recorded in its books and records and reported in its FERC Form No. 1. Also, it did not have adequate procedures to address these accounting matters in a timely fashion. Moreover, Mississippi Power did not consider the formula rate impact of the errors on billings to wholesale customers. As a result, the amounts recorded in Mississippi Power's books and records and reported in the FERC Form No. 1 were incomplete and billings to wholesale customers were impacted by these deficiencies.
Calpine Corporation	PA15-5-000	12/2/2016	**EQR Filing Requirements –** Calpine made EQR filings containing numerous errors, including: inaccurate uplift payment reporting, missing transactions, and improper class names for the increment denominated "peaking." These errors inhibit the ability of the Commission and other interested parties to monitor wholesale electricity market activities.
Dynegy Inc.	PA15-03-000	10/4/2016	**EQR Filing Requirements –** Dynegy's EQR filings contained numerous errors, some of which were significant, including: uplift payments in the wholesale organized markets and misclassification of transactions as energy sales, as well as unreported and inaccurately reported capacity sales, particularly in the MISO markets. These errors inhibit the ability of the Commission and other interested entities to monitor wholesale electricity market activities.
Empire District Electric Company	PA15-7-000	8/16/2016	**Reporting of Energy and Capacity Sales in the EQR –** Empire did not report its wholesale sales to four municipalities within Empire's service territory or wholesale sales made from its hydro facility. As a result, Empire under-reported its sales in its EQRs by $121,910,668 and 2,089,983 MWh during the audit period. These omissions hampered the Commission and interested parties' ability to review and evaluate Empire's wholesale sales activity.
Empire District Electric Company	PA15-7-000	8/16/2016	**Accuracy of Data Reported in the EQR –** Empire's EQRs during the audit period contained various errors in the contracts and transactions it reported, including incorrect prices, quantities, customers, points of delivery, and affiliate identifications. These errors resulted from the Company's inadequate oversight of its EQR processes and procedures, hampering the Commission and interested parties' ability to review and evaluate Empire's wholesale sales activity.
Destin Pipeline Company L.L.C	FA15-01-000	3/30/2016	Destin did not properly comply with select filing instructions on pages 508-509 and 520 of its Form 2.

Company	Docket Number	Date	Summary of finding
Natural Gas Pipeline Company of America, LLC	PA13-5-000	10/30/2015	**Reporting of Transactions with Associated (Affiliated) Companies –** NGPL's 2010 to 2013 FERC Form No. 2 filings contained several reporting errors on page 358, Transactions with Associated (Affiliated) Companies. Specifically, NGPL did not accurately identify all affiliate transactions, all accounts used to record those transactions, and the allocation methods used to assign shared services. These omissions reduced the transparency of affiliate transactions, which the Commission uses to monitor affiliate activities and reduce the likelihood of cross-subsidization.
American Electric Power Company, Inc.	PA13-17-000	7/30/2015	**Sales Reported in Electric Quarterly Reports –** Energy Partners overstated its energy sales reported in seven EQR filings made from May 2012 through December 2013 by 46,593,821 megawatt-hours and $1,750,854,712.
Entergy Corporation	FA14-2-000	7/30/2015	Entergy filed trust fund financial reports annually with the Commission, but the reports did not include some trust funds containing monies collected from wholesale customers. Moreover, for the trust funds reported, the company did not include all required information.
Enterprise Products Partners L.P.	FA14-1-000	6/17/2015	**Applying Correct Rates to Intermediate Points –** MAPL did not apply correct rates to intermediate points for two series of intermediate price movements involving an affiliate on its system from 2011 to 2012. This resulted in an under recovery of revenues of $1.7 million, which MAPL should have reported as affiliated company transactions on page 200, Receivables from Affiliated Companies. This understatement of revenues impacted the Form No. 6 including page 700, and is used in the calculation of the five-year index adjustment.
ConocoPhillips Company	FA14-5-000	6/17/2015	COP aggregated natural gas volumes purchased and sold by affiliate companies on its 2010, 2011, and 2012 Form 552s, but did not disclose the name of an affiliate company in those filings due to a lack of controls in its Form 552 preparation process. Although COP's reported volumes on the 2010, 2011, and 2012 Form 552 filings were accurate, the omission of the affiliate company's name resulted in a lack of transparency to users of the Form 552.
Baltimore Gas and Electric Company	FA13-13-000	6/4/2015	**FERC Form No. 1 Reporting –** BGE did not include appropriate explanations for certain 2011 FERC Form No. 1 year-end balances that disagreed with the 2012 FERC Form No. 1 beginning year balances, as required by General Instruction IX for the FERC Form No. 1.
Kansas Gas and Electric Company	FA14-3-000	3/27/2015	**Filing of Nuclear Decommissioning Trust Fund Reports –** KGE did not file annual nuclear decommissioning trust fund reports with the Commission from 2004-2013. In response to the audit, KGE filed a trust fund report for 2013 with the Commission in March 2014. While KGE took immediate action to file this report, the report did not include all required information. Also, absent filing reports for nearly 10 years, audit staff had no historical records to verify the accuracy of the balances in the 2013 trust fund report.

Company	Docket Number	Date	Summary of finding
Kansas Gas and Electric Company	FA14-3-000	3/27/2015	**Commission-Jurisdictional Trust Fund Assets –** KGE did not clearly distinguish Commission-jurisdictional assets from non-Commission-jurisdictional assets in the Wolf Creek trust fund. Specifically, KGE: 1. Did not establish and maintain clearly identifiable accounts within a single trust fund. As a result, KGE could not readily identify the amount of Commission-jurisdictional from non-Commission-jurisdictional assets in the trust fund. 2. Erroneously directed its trustee to record zero contributions to the Commission-jurisdictional portion of the trust fund since 2010. As a result, KGE understated Commission-jurisdictional contributions by about $1.3 million from January 2010 to June 2014.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Electric Quarterly Reports data quality –** Tenaska's affiliates, to which the Commission granted MBR authority, made EQR filings containing erroneous data. These filings contained inaccurate contract and transaction data, inconsistencies between transaction and contract data, aggregated transactions, and unreported wholesale sales.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Electric Quarterly Reports data quality –** Tenaska's affiliates, to which the Commission granted MBR authority, made EQR filings containing erroneous data. These filings contained inaccurate contract and transaction data, inconsistencies between transaction and contract data, aggregated transactions, and unreported wholesale sales.

Procedural errors

Company	Docket Number	Date	Summary of finding
Avista Corporation	PA18-2-000	9/19/2019	**Secondary Network Transmission Service –** Avista improperly reserved hourly secondary network transmission service 61 times, representing 5,233 MWh, to support off-system sales to non-network customers. Of the 61 requests, 34 requests remained confirmed, representing 3,353 MWh, while 27 requests were annulled. Of these 34 requests, 11 were scheduled for energy delivery, representing 1,395 MWh. As a result, Avista's merchant function was not charged point-to-point (PTP) transmission charges and obtained service with a higher service priority.
Avista Corporation	PA18-2-000	9/19/2019	**Use of Transmission Service Numbers –** Avista used Transmission Service Numbers (TSN), in addition to Transmission Service Requests (TSR) created in OASIS, to facilitate scheduling of transmission service under certain circumstances. TSRs created in OASIS provide more transparency than TSNs, which are created outside of OASIS. During the audit, Avista significantly reduced the number of active TSNs, and Avista should continue to evaluate TSN use and reduce the use of TSNs when possible.
Transcontinental Gas Pipe Line Company, LLC	FA18-2-000	6/25/2019	**Reservation Charge Credits –** Transco had three firm storage rate schedules in its FERC NGA Gas Tariff that did not contain a provision for reservation charge credits to shippers with firm service affected by non-force majeure and force majeure events, as required by Commission policy
Equitrans, L.P	FA17-6-000	10/19/2018	**Unfiled Service Agreements –** Equitrans did not file two non-conforming interruptible gathering service agreements with the Commission as required. The agreements included service provisions that deviated materially from the pro forma service agreement in its FERC Gas Tariff.
Equitrans, L.P	FA17-6-000	10/19/2018	**Cash Management Program –** Equitrans did not file its effective cash management agreement with the Commission as required. The failure to file inhibited the financial transparency of Equitrans' cash management program, and could have hampered the Commission's ability to perform its oversight and market monitoring obligations.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Reservation Charge Crediting Tariff Provision –** Trunkline's tariff did not contain a provision for reservation charge credits to shippers with firm service affected by non-force and force majeure events, as required by Commission policy. As a result, certain shippers with firm service that qualified for full reservation charge credits did not receive any credits following non-force majeure events. Additionally, Trunkline improperly included a reference to maintenance activities in the force majeure definition of its tariff.

Company	Docket Number	Date	Summary of finding
Trunkline Gas Company	PA16-4-000	10/19/2018	**Operational Balancing Agreements –** Trunkline's tariff contained language that was inconsistent with the Commission's requirement that all interconnecting pipelines enter into Operating Balancing Agreements (OBAs). Audit staff also identified inconsistencies with Trunkline's administration and management of imbalances in accordance with the terms of its tariff and standard OBA.
Trunkline Gas Company	PA16-4-000	10/19/2018	**Reporting of Gas Equivalents in the Fuel Reimbursement Filing –** Trunkline misreported gas equivalents in its annual fuel reimbursement filings. While this did not impact the accuracy of the fuel reimbursement rate charged to shippers, it reduced the transparency of the gas equivalents reported in the deferred fuel reimbursement account component schedule of the filing.
California Independent System Operator Corporation	PA17-3-000	9/14/2018	**Independence of the Department of Market Monitoring –** CAISO did not have adequate structures in place to ensure sufficient independence of the market monitoring functions of the DMM from the influence of CAISO's senior management. Specifically, CAISO executives were too closely involved in the DMM Director's performance review and compensation, DMM staff incentive compensation awards, DMM staffing issues, and approval of the DMM budget.
California Independent System Operator Corporation	PA17-3-000	9/14/2018	**Physical Separation of the DMM –** CAISO relocated some staff closer in physical proximity to the DMM, creating a spatial lack of separation between the DMM and CAISO staff performing functions over which the DMM has oversight responsibility. The lack of separation threatens confidentiality, which could compromise the independence of the DMM.
California Independent System Operator Corporation	PA17-3-000	9/14/2018	**DMM Involvement in CAISO OATT Formation –** By filing joint comments with CAISO, the DMM did not adequately ensure its independence in advising all interested parties of its views regarding CAISO's proposed OATT and market rule changes. This is particularly problematic when its views differed from those of CAISO. Had the DMM independently advised the Commission, the CAISO, and other interested entities of its views regarding any needed rule and tariff changes, it would have improved the clarity of DMM's position and better demonstrated its independence from CAISO, both of which are critical in its role of advising the Commission.
California Independent System Operator Corporation	PA17-3-000	9/14/2018	**Testing Ancillary Service Providers –** CAISO did not conduct the range and frequency of testing and auditing required by the CAISO OATT to verify, within reasonable timeframes, that generators paid to provide ancillary services were capable of providing the services.

Company	Docket Number	Date	Summary of finding
CMS Energy Corporation	PA17-5-000	7/5/2018	**Economic Minimum Limits for Consumers' Coal Units –** The Hourly Economic Minimum Limits (Ecomin) Consumers offered for its coal units in the Midcontinent Independent System Operator, Inc. (MISO) real-time energy markets did not reflect the actual known physical capabilities and characteristics of the generating resources, as the MISO Open Access Transmission, Energy and Operating Tariff (MISO Tariff) requires. By preventing MISO from dispatching the units below Ecomin in real-time, the offers denied MISO the flexibility to optimize dispatch to reflect the actual marginal cost of energy, and to manage transmission congestion.
CMS Energy Corporation	PA17-5-000	7/5/2018	**Ramp Rates for Consumers' Coal Units –** The bi-directional ramp rates Consumers offered for Campbell 2 and Campbell 3 in MISO's energy markets during the audit period did not reflect the actual known physical capabilities and characteristics of the generating resources, as the MISO Tariff requires.
CMS Energy Corporation	PA17-5-000	7/5/2018	**Economic Minimum Limits for Dearborn Industrial Generation, LLC (DIG) –** The Hourly Economic Minimum Limits (Ecomin) Energy Resource Management (ERM) offered for Dearborn Industrial Generation, LLC (DIG) in MISO's day-ahead energy market did not reflect the actual known physical capabilities and characteristics of the generating resource, as the MISO Tariff requires. By preventing MISO from dispatching DIG below Ecomin, the offers denied MISO the flexibility to optimize dispatch to reflect the actual marginal cost of energy, and to manage transmission congestion.
Idaho Power Company	PA17-7-000	6/11/2018	**Posting ATC Offerings on Interconnection Paths –** Idaho Power did not post ATC offerings on seven control-area-to-control-area interconnection paths when ATCs were, in fact, available on these paths. The impact of not posting ATCs on these paths reduced the transparency for transmission customers and consequently inhibited their ability to identify and request available transmission services.
Idaho Power Company	PA17-7-000	6/11/2018	**Identification of Affiliates on OASIS –** Idaho Power did not identify as an affiliate on its OASIS one of its internal divisions that requested transmission service. Consequently, Idaho Power did not identify all the transactions associated with this internal division as affiliated transactions and consequently did not populate Transmission Service Request (TSR) metrics reports appropriately.
Idaho Power Company	PA17-7-000	6/11/2018	**Timely Processing of Transmission Service Requests –** Idaho Power did not act upon ten customers' transmission service requests within the 30-minute window required under its OATT Section 18.4. Out of customer requests impacted after the audit started, only in a single instance did Idaho Power's delay result in a customer not receiving the service it originally requested.

Company	Docket Number	Date	Summary of finding
Idaho Power Company	PA17-7-000	6/11/2018	Posting of Ancillary Services – Idaho Power did not post any of its required ancillary service offerings and prices on its OASIS. As a result, the TSRs posted on Idaho Power's OASIS did not include any information identifying what, if any, ancillary service transactions were associated with the posted TSRs.
Idaho Power Company	PA17-7-000	6/11/2018	**Reporting of Transmission Study Performance Metrics –** Idaho Power did not properly report required transmission study performance metrics for several quarters during the audit period.
Idaho Power Company	PA17-7-000	6/11/2018	**Generation Interconnection Queue –** Idaho Power did not post required information specified in its OATT, Attachment M, Section 3.4 including: the identification of its own interconnection requests in the Generation Interconnection Queue posted on OASIS, every interconnection study report conducted during the audit period, and the required advance notice of scoping meetings between Idaho Power's transmission function and its affiliate.
Idaho Power Company	PA17-7-000	6/11/2018	**Annual Reevaluation of Capacity Benefit Margin Needs –** Idaho Power did not maintain documentation to demonstrate whether, and how, it met the requirement to reevaluate its capacity benefit margin (CBM) needs at least annually, and post its practices for reevaluating its CBM needs.
Idaho Power Company	PA17-7-000	6/11/2018	**Transmission Study List –** Idaho Power incorrectly excluded a customer's transmission study from its Transmission Study List posted on OASIS.
Idaho Power Company	PA17-7-000	6/11/2018	**OASIS Access Control –** Idaho Power did not revoke the OASIS access privileges of two employees after these individuals no longer required OASIS access.
Idaho Power Company	PA17-7-000	6/11/2018	**Use of Designated Network Resource to Make Finn Off –** System Sales - Idaho Power incorrectly used a DNR to make firm off-system sales.
Midcontinent Independent System Operator, Inc.	PA16-5-000	4/18/2018	MISO inappropriately destroyed certain records during the audit contrary to the requirements of the Commissions regulations and direction. The destruction of these records inhibited the performance of certain audit processes and procedures.
Chevron U.S.A	PA16-1-000	11/9/2017	**Price Index Reporting –** CUSA excluded 27 reportable transactions from its price index reporting submissions during the audit period. The exclusion was an error due to misidentification of reportable and nonreportable transactions.
Chevron U.S.A	PA16-1-000	11/9/2017	**Form 552 Reporting –** CUSA improperly reported four transactions on its 2014 Form 552 filing. Also, CUSA improperly applied a reporting threshold used to exclude individual transactions from Form 552 reporting when the volume of the transaction was smaller than 0.05 TBtu per year (or 137 MMBtu per day).

Company	Docket Number	Date	Summary of finding
NorthWestern Corporation	PA15-1-000	3/15/2017	**Assignment of Redirect Priority –** NorthWestern Montana's transmission function improperly approved 79 nonfirm transmission redirect requests that were assigned a higher priority than was permitted under its OATT. This represented less than 1 percent of the over 33,000 redirect requests that were made during the audit period. Out of these 79 redirect requests, 17 requests, made by NorthWestern's merchant function, resulted in improperly displacing the service scheduled by other customers when curtailments occurred, which was inconsistent with OATT Sections 22.1. This resulted in a total loss of 1,238 MWhs of transmission service. Northwestern should reimburse those customers that were inappropriately curtailed by refunding the transmission charges on the curtailed amounts.
NorthWestern Corporation	PA15-1-000	3/15/2017	**Use of Secondary Network Transmission Service –** NorthWestern's merchant function improperly reserved hourly secondary network transmission service six times to support off-system sales to non-network customers. Of the six confirmed requests, only one was scheduled for energy delivery to Portland General Electric, representing 40 MWh. As a result, NorthWestern's merchant function did not pay point-to-point transmission charges and obtained service with a higher service priority.
NorthWestern Corporation	PA15-1-000	3/15/2017	**Communications Between Transmission and Merchant Functions –** On two occasions, NorthWestern Montana's transmission function employees improperly disclosed nonpublic transmission information to NorthWestern merchant function employees, which is contrary to the Commission's Standards of Conduct. Audit staff determined that these disclosures did not provide the merchant function with a competitive advantage because the schedules of NorthWestern's merchant were not approved on these two occasions and therefore there were no transmission curtailments to other transmission customers.
NorthWestern Corporation	PA15-1-000	3/15/2017	**Temporary Termination/Redesignation Procedures –** The standard form that NorthWestern provided to its network customers for temporarily terminating a network resource and redesignating the same resource did not include certain information required by section 30.3 of its OATT.
NorthWestern Corporation	PA15-1-000	3/15/2017	**Filing and Reporting of Jurisdictional Service Agreements –** NorthWestern did not file 15 large generator interconnection agreements (LGIAs) containing nonconforming terms and conditions with the Commission prior to commencing service and receiving customer payments under those agreements, as required by Commission regulations. NorthWestern also did not report four service agreements, including three interconnection agreements and one network operating service agreement, in its Electric Quarterly Report filing.

Company	Docket Number	Date	Summary of finding
NorthWestern Corporation	PA15-1-000	3/15/2017	**Reports of Issued Securities –** NorthWestern did not file reports of issued securities in a timely and accurate manner. These filing errors were caused by several issues, including lack of controls to monitor and ensure timely and accurate reporting of security and debt issuances and a lack of administrative oversight.
NorthWestern Corporation	PA15-1-000	3/15/2017	In 34 instances, NorthWestern approved secondary network transmission service requests made by two non-network customers purportedly serving as agents of network service customers without verifying that the reserved network transmission service would be used to serve network loads. Audit staff is concerned that permitting such a practice inhibits NorthWestern's ability to properly grant transmission requests, which could result in misallocation of transmission capacity and affect transmission service for other transmission customers.
NV Energy, Inc.	PA15-2-000	1/12/2017	**Filing FERC Form No. 580 Reports –** Nevada Power and Sierra Pacific filed their respective 2012 FERC Form No. 580, Interrogatory on Fuel and Energy Purchase Practices, reports with the Commission nearly two years past the filing due date. As a result, interested parties' ability to review, monitor, and evaluate information reportable in the form was impeded.
Calpine Corporation	PA15-5-000	12/2/2016	**Uplift Payments –** Calpine submitted inaccurate data to PJM resulting in overpayments of approximately $1.18 million for Lost Opportunity Cost (LOC) uplift credits as well as-yet undetermined Day-Ahead Scheduling Reserve (DASR) overpayments.
Calpine Corporation	PA15-5-000	12/2/2016	**PJM Offer Requirements –** Calpine included Regional Greenhouse Gas Initiative (RGGI)-related emission costs in its offers from eight RGGI-associated New Jersey combustion turbine units after those costs were no longer allowable. This resulted in unwarranted increases in certain Operating Reserve (OR) credits to these units during this period. However, the units also received LOC credits, which were lower than they otherwise would have been, due to inclusion of RGGI-related emission costs in their offers. Analysis performed indicate that these foregone lower LOC credits would have effectively netted out the unwarranted increased OR-related credits, resulting in net payments that were approximately equal.
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**SPP RTO Involvement with MMU Operations –** SPP RTO executives attended MMU meetings with the Oversight Committee, thereby having inappropriate access to information associated with MMU operations. In addition, SPP RTO executives were inappropriately involved in the performance evaluation of the MMU Director, approval of the MMU budget, and compensation adjustments for MMU staff. SPP RTO executives' participation in the MMU Oversight Committee meetings and involvement in certain MMU operations resulted in inadequate separation between the MMU and SPP RTO.

Company	Docket Number	Date	Summary of finding
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**Separation of Functions –** The MMU inappropriately relied on SPP RTO for legal services, IT resources, and staffing. The MMU's reliance on SPP RTO for these functions neither fostered the appropriate level of independence nor demonstrated a sufficient separation of functions between the MMU and SPP RTO.
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**MMU Shared Staff –** The MMU did not have a rigorous process in place to ensure that MMU staff members focused on MMU-related activities rather than performing SPP RTO activities unrelated to MMU operations. This practice contributed to a loss of clear separation between the MMU staff and SPP RTO.
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**Operational Separation –** Since the MMU and SPP RTO shared the same physical facilities, the MMU lacked sufficient physical safeguards to preserve the MMU's independence and ensure adequate separation between itself and SPP RTO to protect against the potential access by SPP RTO to MMU confidential work products.
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**MMU Involvement with SPP RTO Tariff Formation –** The MMU did not limit its participation in SPP RTO tariff formation to the advisory role prescribed by the Commission. This resulted in conflicts that led to inefficient MMU and SPP RTO operations.
Southwest Power Pool, Inc.	PA15-6-000	7/15/2016	**Communications with Outside Parties –** Given the importance placed on the performance of the MMU in effectively monitoring the market for possible market abuses, audit staff strongly encourages that the MMU should enhance its procedures to better capture communications between itself and outside parties.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Filing of Cash Management Agreements –** Enbridge did not file a cash management agreement in a timely manner when it changed its cash management program on December 20, 2013. Such documentation should have been filed within 10 days of the effective date of the new cash management agreement. While no financial concerns resulted from NDPL's late filing of its cash management agreement, the issue highlights the need for internal controls to ensure compliance with all applicable Commission filing requirements.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Treatment of Confidential Pipeline Shipper Information –** During the course of the audit, Enbridge informed the Commission of an inadvertent disclosure of confidential shipper information in a filing made with the Commission. The controls over the release of confidential information did not prevent the release of this business-sensitive information by the shared staff that process the filing of regulatory documents. Enbridge discovered the issue shortly after the filing was made and posted on the Commission's eLibrary, and made a full disclosure of this breach of confidentiality to the Commission. Nevertheless, stronger internal controls to ensure a more rigorous compliance review process need to be implemented.

Company	Docket Number	Date	Summary of finding
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Provision of, and Billing for, Service to Intermediate Points –** Between March 2013 and June 2013, NDPL charged shippers rates for service to and from intermediate points on its pipeline system that were not specified in its tariff on file with the Commission. Additionally, NDPL did not make its tariff filing for the new origin/destination points (including the intermediate point paths) within the 30 days after the start of such service, as required by the Commission. As a result, NDPL was out of compliance with Commission regulations and its tariff. These unfiled rates did not cause harm to the shippers, since NDPL ultimately billed them for what would have been the appropriate amounts had the company's tariff rates included intermediate point language.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Invoicing for Services Rendered –** NDPL billed its shippers for oil movements not nominated by the shippers, which was contrary to their tariff language. These billing practices resulted in some shippers paying more and others less than what was appropriate under the filed tariff rates. The result was an overcollection of $536,555. Audit staff points out that NDPL subsequently corrected these billing errors such that no outstanding refunds are required.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Filing of Cash Management Agreements –** Enbridge did not file a cash management agreement in a timely manner when it changed its cash management program on December 20, 2013. Such documentation should have been filed within 10 days of the effective date of the new cash management agreement. While no financial concerns resulted from NDPL's late filing of its cash management agreement, the issue highlights the need for internal controls to ensure compliance with all applicable Commission filing requirements.
Enbridge Energy Partners	FA15-4-000	5/9/2016	**Treatment of Confidential Pipeline Shipper Information –** During the course of the audit, Enbridge informed the Commission of an inadvertent disclosure of confidential shipper information in a filing made with the Commission. The controls over the release of confidential information did not prevent the release of this business-sensitive information by the shared staff that process the filing of regulatory documents. Enbridge discovered the issue shortly after the filing was made and posted on the Commission's eLibrary, and made a full disclosure of this breach of confidentiality to the Commission. Nevertheless, stronger internal controls to ensure a more rigorous compliance review process need to be implemented.
Destin Pipeline Company L.L.C	FA15-1-000	3/30/2016	Destin's tariff did not include language consistent with the Commission's reservation charge crediting policy.
Exelon Corporation	PA13-15-000	12/22/2015	**Compliance with Merger Conditions –** Market Power Mitigation – Exelon did not comply in three instances with market power mitigation conditions established in the Commission order that authorized its merger with Constellation.

Company	Docket Number	Date	Summary of finding
Exelon Corporation	PA13-15-000	12/22/2015	**Separation of Nuclear Decommissioning Trust Fund Monies –** Exelon did not separately account for monies in nuclear decommissioning trust funds (NDTF) that were collected pursuant to Commission-jurisdictional and nonjurisdictional rates to provide for decommissioning of nuclear units.
Exelon Corporation	PA13-15-000	12/22/2015	**Filing of Nuclear Decommissioning Trust Fund Financial Reports –** Prior to Exelon's merger with Constellation, Constellation and CENG did not file NDTF financial reports with the Commission for five nuclear units, and Exelon Generation filed NDTF financial reports that omitted required information on purchases and sales of NDTF investments.
Exelon Corporation	PA13-15-000	12/22/2015	**Retention of Nuclear Decommissioning Trust Fund Records –** CENG did not retain NDTF records, as required by the Commission's record retention requirements.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Procedures for Acts of Discretion –** PSCo did not maintain its compliance with a recommendation in a prior Commission audit report. This recommendation directed PSCo to implement written procedures to identify acts of discretion with respect to administering the Xcel OATT and post such acts of discretion appropriately. In light of this, PSCo did not have adequate procedures in place to identify acts of discretion that may have required a posting to OASIS.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Release of Non-Firm Available Transmission Capability –** PSCo inadvertently did not release unused Transmission Reliability Margin (TRM) as nonfirm ATC as specified in its OATT. This occurred periodically during the period October 2005 to January 2010. This error resulted from OATI automated software processes involving incorrect default settings for the TRM coefficient in the formulas used in the software to calculate and post available nonfirm ATC. PSCo discovered this error during an internal assessment in 2010 prior to the commencement of this audit, and corrected the software settings, but never filed a self-report or posted a notification on its OASIS to inform customers about these errors.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Customer Creditworthiness Reviews –** PSCo did not have sufficient procedures to ensure it accurately assessed creditworthiness of its transmission customers, as required by the OATT. As a result, PSCo made certain errors in its Customer credit score calculations. Because these scores were used to set unsecured credit limits, this created risks that non-creditworthy customers would obtain unsecured credit and that creditworthy customers would not. An error like this could result in PSCo extending too much unsecured credit, improperly placing other transmission customers at risk, or PSCo granting insufficient unsecured credit, potentially improperly denying a creditworthy Customer access to transmission services or unduly burdening a customer with unwarranted credit costs.

Company	Docket Number	Date	Summary of finding
Public Service Company of Colorado	PA13-14-000	7/21/2015	**OASIS Posting Metrics –** PSCo did not post complete system impact and facilities study metrics on its public OASIS web site.
Public Service Company of Colorado	PA13-14-000	7/21/2015	**Record Retention Procedures –** PSCo did not have procedures in place sufficient to ensure certain records were retained for the periods prescribed by Commission regulations. Specifically, PSCo was unable to locate several transmission service applications and generator interconnection requests. Also, PSCo did not notify the Commission when it discovered records were destroyed or lost, as required.
NRG Energy, Inc.	PA14-l-000	7/2/2015	NRG reported outage data incorrectly either in the Generator Availability Data System (GADS) or when reporting the outage data to the RTO/ISO.
NRG Energy, Inc.	PA14-l-000	7/2/2015	NRG reported outage data incorrectly either in the Generator Availability Data System (GADS) or when reporting the outage data to the RTO/ISO.
Enterprise Products Partners L.P.	FA14-1-000	6/17/2015	**Cash Management Filing Issue –** MAPL did not file a cash management agreement when it established its cash management program. Such documentation should have been filed within 10 days of the effective date of the rule or entry into the program. While no financial concerns resulted from MAPL's not filing its cash management agreement, the issue highlights the need for policies and procedures to ensure transparency and compliance with all applicable Commission filing requirements.
ConocoPhillips Company	FA14-5-000	6/17/2015	COP did not report some physical next-day gas transactions to price index publishers due to deal entry practices used by COP's gas traders. These practices were enabled by lapses in internal controls in COP's deal capture system and processes.
Union Electric Company	FA13-2-000	3/27/2015	Did not have an adequate records management system in place to adequately track, maintain, and dispose of its records. Audit staff also found that the Company prematurely destroyed records and thus was not compliant with the Commission's preservation of records requirements.
Ameren Illinois Company	FA13-1-000	2/14/2015	Does not have an adequate records management system in place to adequately track, maintain, and dispose of its records. Audit staff also found that the company prematurely destroyed records and thus was not compliant with the Commission's preservation of records requirements.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Reporting of transactions to price index developers –** Tenaska did not ensure that its affiliate reported all its fixed price for next-day transactions to price index developers as its internal procedures intended. Gaps existed in its procedures to ensure reporting of all the transactions conducted before the daily cut-off and in the controls designed to detect such omissions. The level of such misreporting detected in the audit sample was about 4 percent of reportable transactions.

Company	Docket Number	Date	Summary of finding
Tenaska, Inc.	PA13-18-000	2/11/2015	**Controls over trading and training –** Tenaska could improve its compliance program by enhancing its controls over two areas: monitoring trading activities during particular market conditions, and coordinating and verifying staff compliance training.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Reporting affiliate transactions in FERC Form No. 552s –** Tenaska did not ensure that three of its FERC Form No. 552 filers correctly recorded affiliate transactions on their FERC Form No. 552 filings.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Transaction categorization in the FERC Form No. 552s –** Tenaska did not ensure that one of its FERC Form No. 552 filers correctly categorized wholesale natural gas transactions on its FERC Form No. 552s for 2010 and 2012.
Tenaska, Inc.	PA13-18-000	2/11/2015	**Accuracy of schedule answers in FERC Form No. 552 –** Tenaska did not ensure that one of its FERC Form No. 552 filers correctly reported answers on the Schedule of Reporting Companies and Price Index Reporting section of its FERC Form No. 552s for 2010, 2011, and 2012.

Deloitte.