



United States Department of the Interior

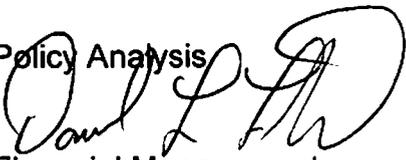
OFFICE OF THE SECRETARY
Washington, DC 20240



OCT 29 2009

FINANCIAL MANAGEMENT MEMORANDUM 2009-094 (Vol. IX.C)

To: Bureau, Chief Finance Officers
Chief Resource Manager, Office of the Solicitor
Administrative Operations Director, Office of Environmental Policy and Compliance
Director, Office of Policy Analysis

From: Daniel L. Fletcher 
Director, Office of Financial Management

Subject: Annual Cost Report to Federal Energy Regulatory Commission

The Federal Energy Regulatory Commission (FERC) requests the Department's FY 2009 cost report to assist them in administering Part I of the Federal Power Act. In order to complete its review, FERC is requesting that each agency submit its report NLT January 21, 2010. PFM needs each bureau's submission by January 8, 2009, to generate a departmental report.

Guidance for completing your submission is at Attachment 1. You are required to submit a Certification of Costs signed by your CFO (Attachment 2). Your response should also include a Cost Submission Form (Attachment 3) segregated by municipal and non-municipal, and allocated by direct costs, indirect costs, and overhead (attachment 4 describes line item entries); cost accounting reports (i.e. reports from automated accounting information systems) and supplemental written analyses that explains how costs are allocated to the cost categories on the Cost Submission Form.

Each bureau should adhere to the attached guidance in providing complete supporting documentation with your cost reports. The Department's FY 2008 submission demonstrated a substantial improvement over previous years. The data provided last year resulted in FERC accepting 97% of the total costs submitted. "Other Contractual" costs seemed to be the greatest challenge for us to support with enough information for the attorney's to accept the costs, hence the 3% shortfall in accepted costs. The Department's goal this year is to achieve 99% or keep the same percentage of acceptance while increasing the amount available for reimbursement. Lessons learned from last year include;

1. Articulating how FTEs are calculated.
2. Including the DOI overhead rate of 16.84% on all cost submission forms (I added the % to some submissions after receipt of the certification but now its imbedded into your submission worksheets, using only salaries and benefits).

3. Allocating non-specific costs between Muni and Non-Muni. (support your calculation)
4. Other Costs – Contractual: MUST ensure scope is within and supports the Federal Power Act, Part 1. Provide POCs for source documents or do NOT report those costs for reimbursement. The attorney will throw those costs out if the scope is not associated with FPA Part 1.

If you have any questions regarding this request, please contact Lynnell Green at 202-208-3127 or email at Lynnell_Green@ios.doi.gov.

cc: Bureau /Office Hydropower Coordinators

Attachments

GUIDANCE TO OTHER FEDERAL AGENCIES ON THE REPORTING OF COSTS OF ADMINISTERING PART I OF THE FEDERAL POWER ACT

General Information

- X Please complete the enclosed **Other Federal Agency Cost Submission Form**. Segregate costs based on the costs categories listed on the form. Designated agency officials are required to certify the propriety and accuracy of these amounts.
- X Agencies are required to submit cost accounting reports, supplemental analyses which support all reported costs and a detailed explanation of the time reporting and management review process. Include cost codes (explanation of code structure) and a detailed description of work performed.
- X Costs reported must be related to the licensing of hydropower projects having applications pending before or granted by the Federal Energy Regulatory Commission (FERC). Include costs related to applications for licenses, preliminary permits and all exemptions. For specific details of licensing activities, please refer to Part I of the Federal Power Act (FPA) and Title 18 of the Code of Federal Regulations.
- X Report only those costs that are not reimbursed to your agency.
- X All cost data must be provided in accordance with OMB Circulars A-25 and A-11.

Cost information

- X Costs of administering Part I of the FPA, segregated by license category (municipal vs. non-municipal) and reflecting the number of FTE's. Costs of administering Part I of the FPA that are not segregated by category must include a detailed explanation and method of allocation. All costs must be reported as follows:

Salaries- the amount of compensation paid to employees directly attributable to their work on hydropower licensing activity. This includes time spent on specific licensing projects; time spent on administrative matters (e.g., annual cost reporting, review of FERC notices, response to discovery requests, training, departmental hydropower meetings, and responses to General Accounting Office inquiries); and time spent on policy-related matter (e.g., participation in various administrative reform and intra- or inter-agency policy development).

Benefits- the pro rata cost of employee benefits that is directly attributable to time spent on hydropower licensing activity, including those same matters as described under "Salaries." These costs include health and pension plans, annual and sick leave costs, Social Security contributions, and unfunded retirement costs.

Travel- the costs of transportation, lodging, and per diem expenses directly attributable to employees' work on hydropower licensing activity, including those same matters as described under "Salaries."

Other Direct Costs- any other discrete costs directly attributable to hydropower licensing activity, including those same matters as described under "Salaries." These costs typically

involve project-specific contractual services (e.g. for technical experts and exhibits). *Nota Bene:* If using this category, please footnote and provide a detailed description of costs and how they differ from indirect or overhead Costs.

Overhead- the pro rata amount of all indirect costs attributable to time spent on hydropower licensing activity, including those same matters as described under "Salaries." These costs include workers compensation payments; space rental; telecommunications; postage; courier service; general contractual services; printing and copying; equipment purchase, rental, repair, and maintenance; books and periodicals; and office supplies.

Cost Accounting Reports and Supplemental Analyses

In accordance with the requirements of OMB Circular A-25, agencies are responsible for maintaining readily accessible records of the services or activities related to reported FPA costs. With regard to this requirement, FERC is requesting each agency to submit supplemental data which supports the cost totals reported via the form. For example, agencies submit:

1. Cost accounting reports from automated information systems which detail reported costs;
2. Other accounting reports from agency financial management systems which detail reported costs or;
3. Other written analyses which explain how costs were allocated to the individual cost categories listed on the form. (*Analyses must comply with the cost allocation requirements prescribed by "Statement of Federal Accounting Standards# 4 – Managerial Cost Accounting Concepts and Standards for the Federal Government."*)
 - a. Explain how the data is captured (i.e. via a labor cost distribution system or costs allocated via cost studies);
 - b. Provide documentation such as timesheets, invoices, vouchers etc. that support each individual cost category;
 - c. Provide detailed descriptions of any job costing/cost accounting codes that are contained in the cost report;
 - d. Explain how the process distinguishes between both FPA-related costs versus other generic agency costs and municipal versus non-municipal costs;
 - e. Explain how agency overhead rates are determined and how overhead is allocated to the reported costs.

Travel- the costs of transportation, lodging, and per diem expenses directly attributable to employees' work on hydropower licensing activity, including those same matters as described under "Salaries."

Other Direct Costs- any other discrete costs directly attributable to hydropower licensing activity, including those same matters as described under "Salaries." These costs typically involve project-specific contractual services (e.g. for technical experts and exhibits). *Nota Bene*: If using this category, please footnote and provide a detailed description of costs and how they differ from indirect or overhead Costs.

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**Per Federal Power Act Section 10(e)1
FOR FISCAL YEAR 2009**

I certify that the attached information set forth the costs incurred by the agency identified below in administering its responsibilities under Part I of the Federal Power Act for the fiscal year 2009.

I also certify that the costs comply with the Federal Government Statement of Federal Financial Accounting Standard Number 4 and OMB Circular A-25, and that the documents to support these costs are available for review.

Agency Name

Chief Financial Officer or designee Date

Contact Person Telephone #