



United States Department of the Interior

OFFICE OF THE SECRETARY

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FINANCIAL MANAGEMENT MEMORANDUM 2013-004 (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: Douglas A. Glenn *D. A. Glenn*
Deputy Chief Financial Officer and Director
Office of Financial Management

Subject: Annual Cost Report to Federal Energy Regulatory Commission

The Federal Energy Regulatory Commission (FERC) requests the Department of the Interior's (Department) Fiscal Year (FY) 2012 cost report to assist them in administering Part I of the Federal Power Act (FPA). In order to complete its review, FERC is requesting that each agency submit its report no later than January 8, 2013. The Office of Financial Management needs each bureau's submission by **December 14, 2012**, to generate a departmental report.

Guidance for completing your submission is on Attachment 1. Bureaus are required to submit a Certification of Costs signed by your Chief Financial Officer (Attachment 2). Each bureau's 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 explain 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 submissions demonstrated a substantial improvement over previous years. The data provided last year resulted in FERC accepting 94 percent of the total costs submitted. "Other Contractual" costs continue to be the greatest challenge for the Department achieving a higher acceptance rate. The Department's goal this year is to achieve acceptance of 95 percent or greater while increasing the amount available for reimbursement. Lessons learned from previous years include:

1. Articulating how full-time equivalents are calculated;
2. Ensuring data resides in FERC FY 2012 Activity Based Costing accounts or do not submit;
3. Ensuring every amount submitted on the cost form is reconcilable to "line item" system generated reports;
4. Support allocations for non-specific costs between Municipal and Non-Municipal; and

5. Other Costs – Direct. These costs may only be for contracts. Bureau indirect cost calculations should include such costs as training, supplies, telephone service, publications, and equipment. Do not report those costs here. Bureaus MUST ensure the scope of each contract is within and supports the FPA, Part 1. Please provide subject matter expert points of contact as well as documented evidence of these costs to ensure they are related. The Commission, as well as Van Ness (public attorney), will disregard bureau contract costs if the scope is not associated with FPA Part 1. Although a resolution has not been reached on the contracts with the Tribes, legal discussions are taking place as the contracts continue to be scrutinized. In the meantime, the Department will continue to support and submit costs that bureaus deem appropriate.

If you have any questions regarding this request, please contact Lynnell Green, Staff Accountant with the Office of Financial Management at (202) 208-3127 or via e-mail at Lynnell_Green@ios.doi.gov.

cc: Bureau /Office Hydropower Coordinators

Attachments