

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

In Reply Refer To:  
Office of Enforcement  
Docket No. FA11-21-000  
August 22, 2011

Gerry Cauley, President and CEO  
North American Electric Reliability Corporation  
3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326-1001

Dear Mr. Cauley:

The Division of Audits in the Office of Enforcement of the Federal Energy Regulatory Commission is commencing an audit of the North American Electric Reliability Corporation (NERC). This is a financial performance audit that will evaluate NERC's budget formulation, administration, and execution. This economy and efficiency audit will focus on the costs and resources used to achieve program objectives. The audit will cover the period from August 23, 2006 to the present.

This audit is being conducted pursuant to section 215 of the Federal Power Act, 16 U.S.C. § 824o (2006). Documents and information obtained by the Commission staff during the audit, as well as all working papers developed, will be placed in non-public files. The Commission's regulations under 18 CFR § 39.2(d) (2011) provide that the Electric Reliability Organization shall provide the Commission information as is necessary to implement section 215 of the Federal Power Act.

NERC must preserve and retain all existing and future records relevant to this audit. For purposes of this audit, we consider relevant records to include all documents and communications which are in the possession, custody or control of NERC and are: (1) used in preparation of responses to data requests; and (2) related to any service provided or to be provided by, on behalf of, or for the benefit of NERC or any facility owned or operated by, on behalf of, or for the benefit of NERC. Such documents shall include communications, transactions, agreements, or arrangements between NERC and any of the Regional Entities, or between any director, officer, manager, or other employee of NERC, and any director, officer, manager, or other employee of the Regional Entities.

In addition, if you would like to discuss the audit at any time during the course of this audit, please contact Mr. Bryan K. Craig, Director of Audits, at (202) 502-8741, Mr. Stephen Flanagan, Audit Manager, at (202) 502-8743, or Mr. Alan Herd, Auditor-in-charge, at (202) 502-6107.

Sincerely,

Norman C. Bay  
Director  
Office of Enforcement