

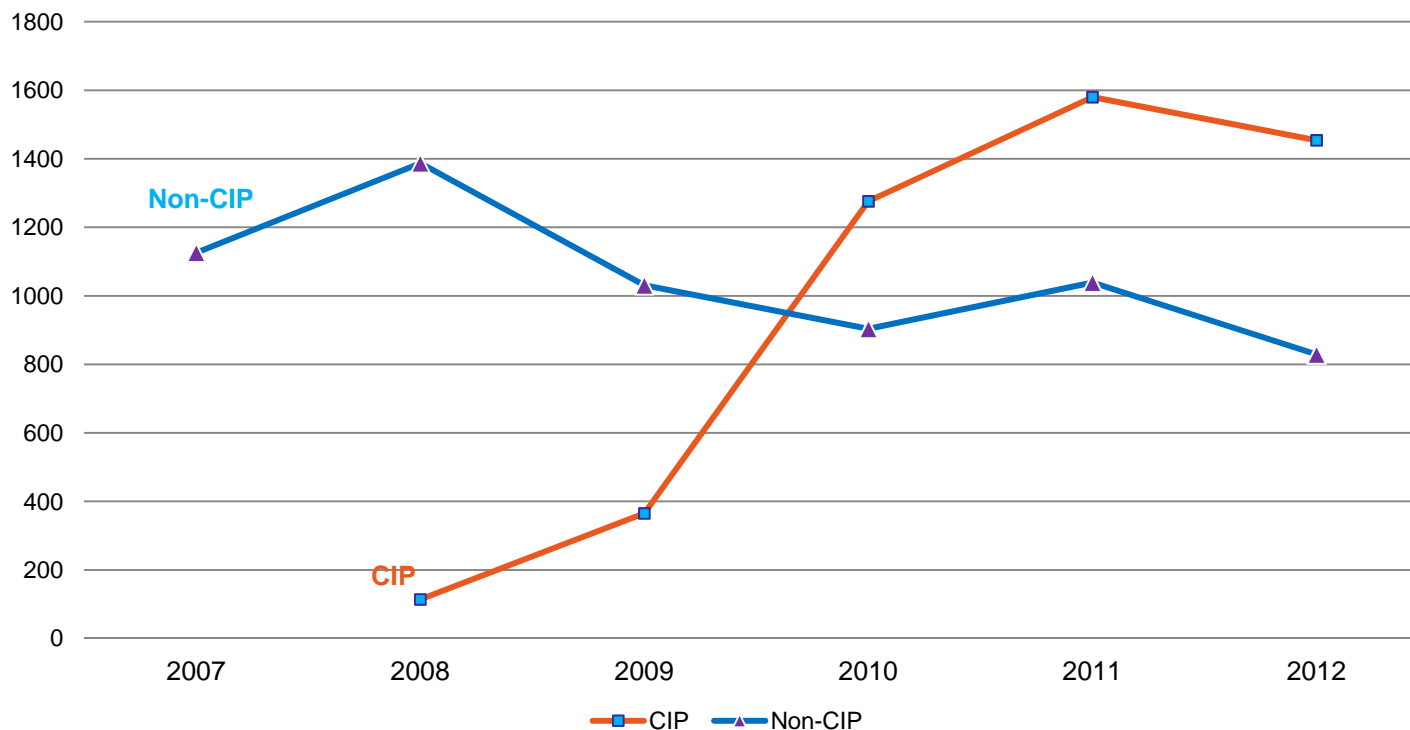
Key Compliance Enforcement Trends

Sonia Mendonca, Assistant General Counsel and Director of Enforcement
Compliance Committee Open Session
May 8, 2013

RELIABILITY | ACCOUNTABILITY



**Violation Trends for CIP and Non-CIP
From 2007 to 2012
In the United States**

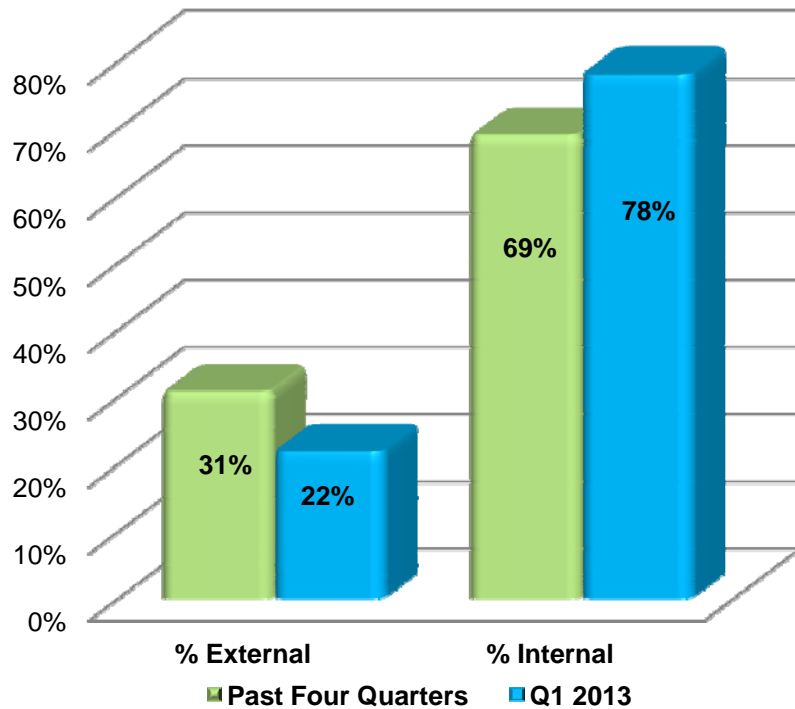


Trend for CIP and non-CIP possible violations discovered in the United States from 2007 through December 31, 2012.

- Non-CIP violations appear to have reached a maturation stage from 2010 to 2012
- The number of incoming CIP violations increased from 2010 through 2011 with a slight decrease in 2012
- The incoming CIP and non-CIP violations trends continue to change due to various factors such as
 - New versions of the standards and associated implementation plans;
 - Audit cycles; and
 - Annual active monitoring list, among others

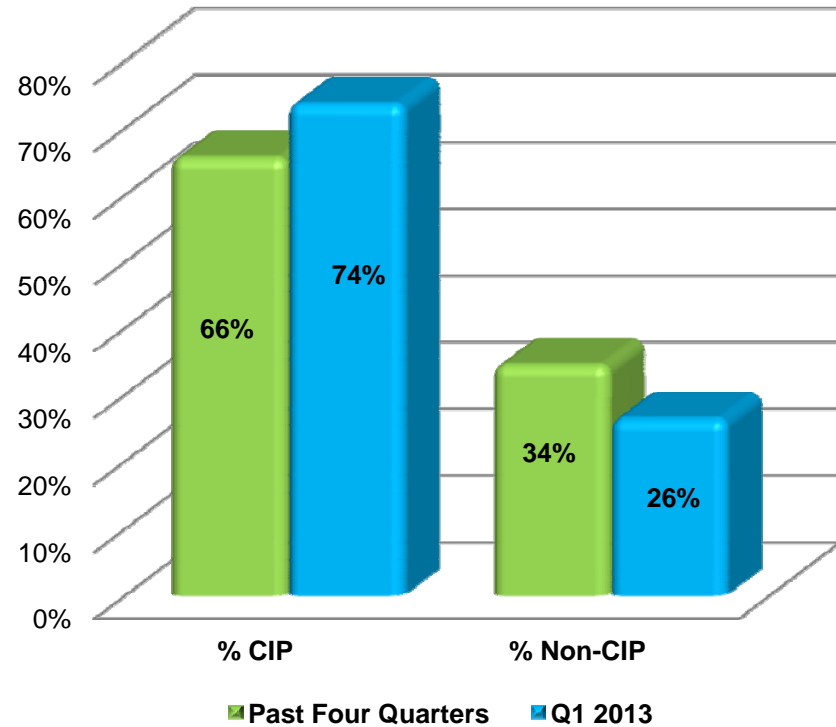
New Possible Violations Trends Q1 2013 Compared with Past 4 Quarters

**Discovery Method for NPVs
Q1 2013 Compared with Past Four Quarters**



Self-identification remains strong.

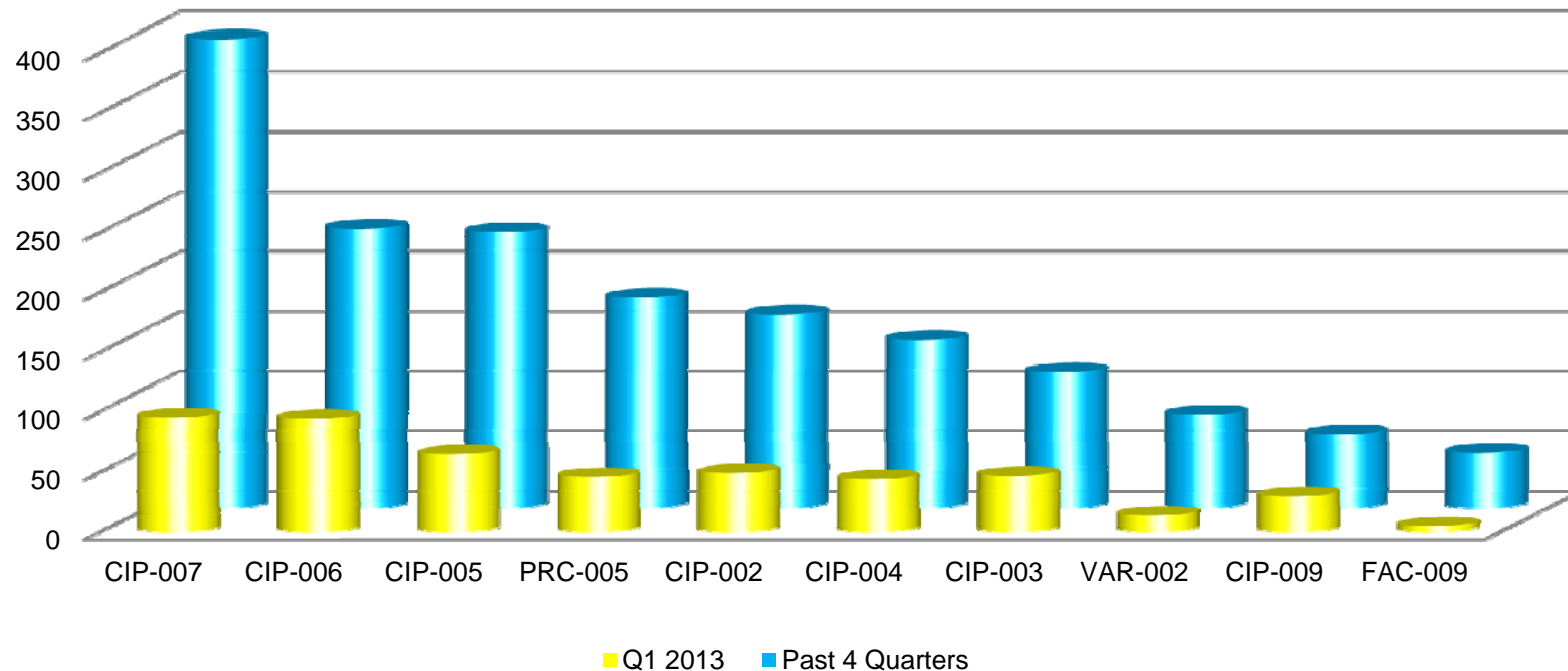
**CIP and non-CIP for NPVs
Q1 2013 Compared with Past Four Quarters**



Non-CIP continues to trend down.

584 New Possible Violations in Q1 2013 (compared to 796 in Q1 2012).

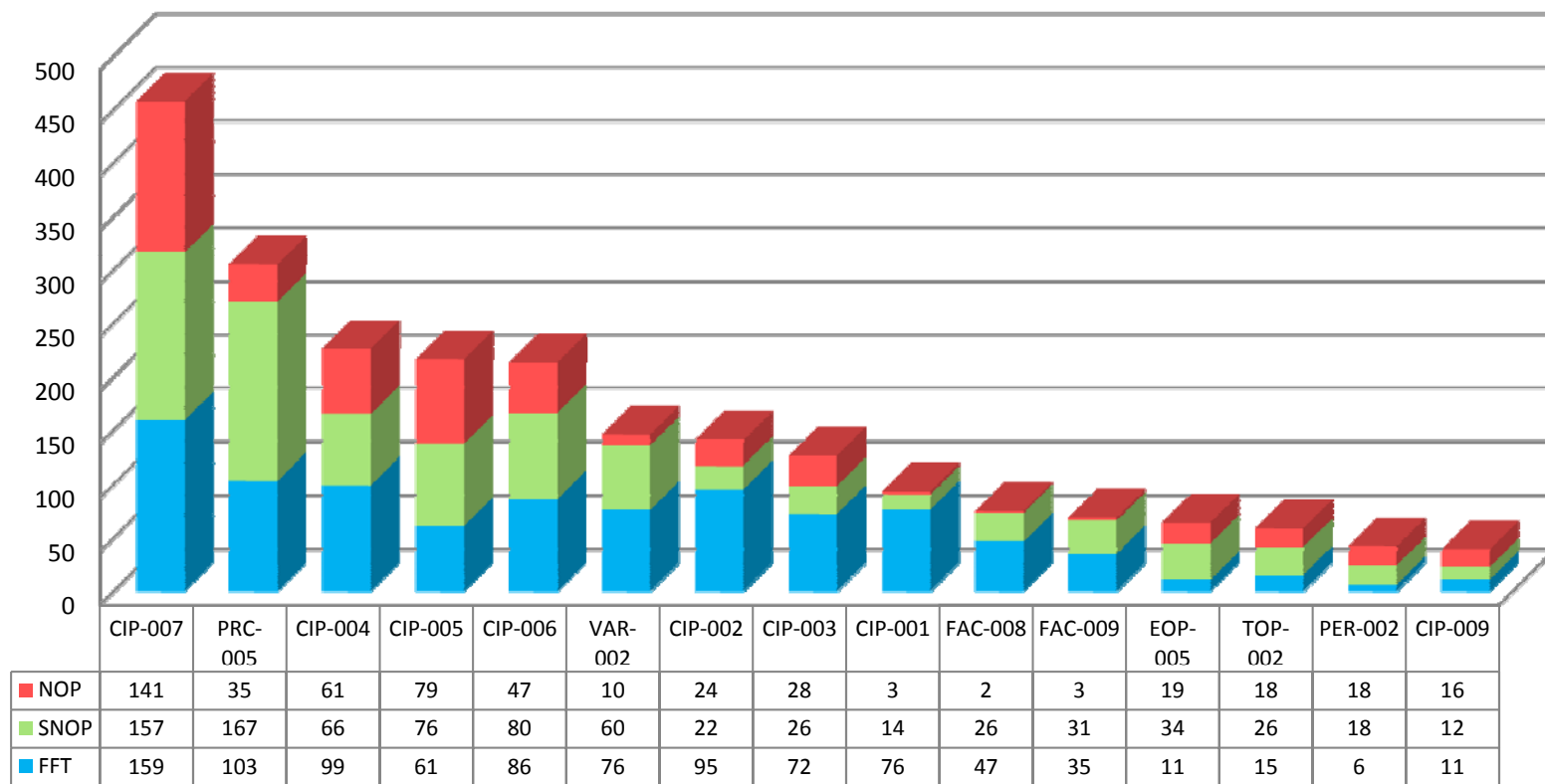
**Top 10 Standards Violated
Q1 2013 Compared with Past Four Quarters**



The top 10 violated standards for Q1 2013 closely follow the trend for the past four quarters.

Top 15 Violated Standards by Filing Disposition

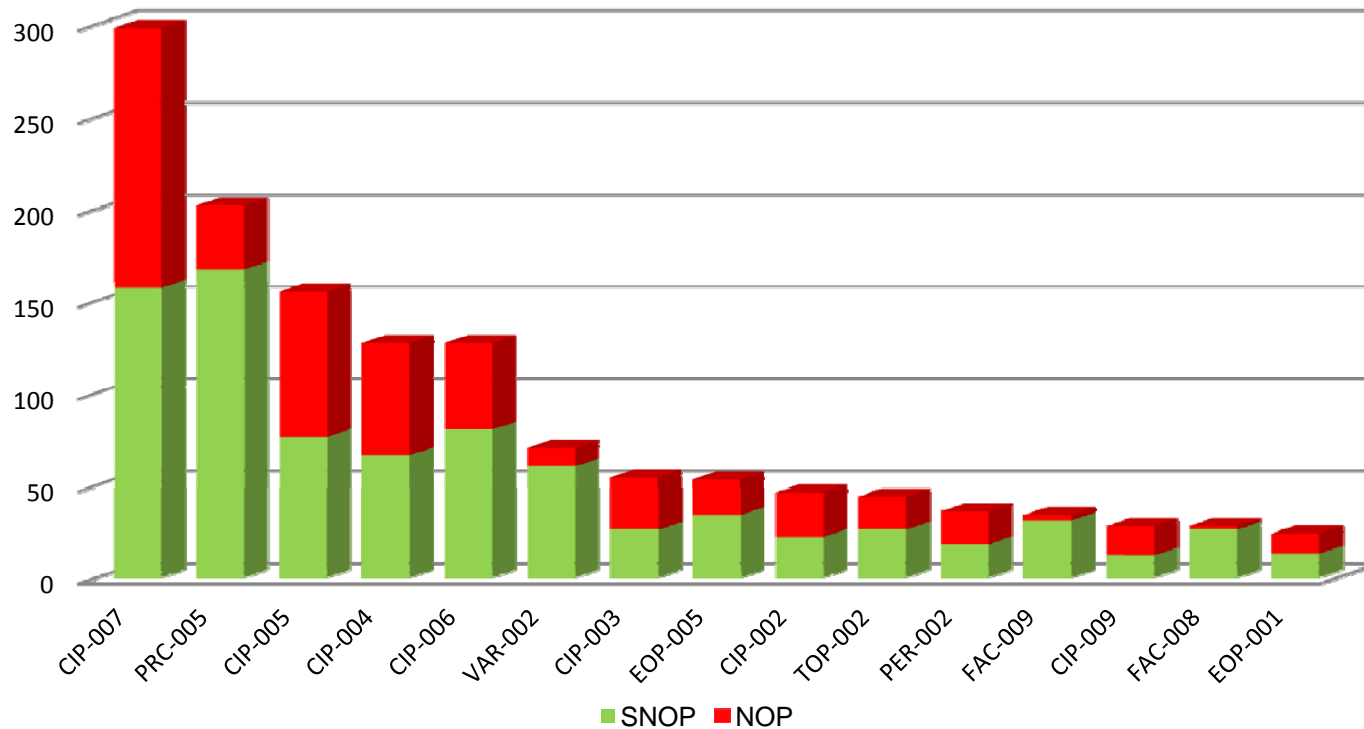
Top 15 Violated Standards by Filing Disposition
Based on Filing Date of September 2011 through March 31, 2013



CIP Reliability Standards are most frequently violated (among filings made since September 2011).

Top 15 Violated Standards by Filing Disposition (NOP and SNOP only)

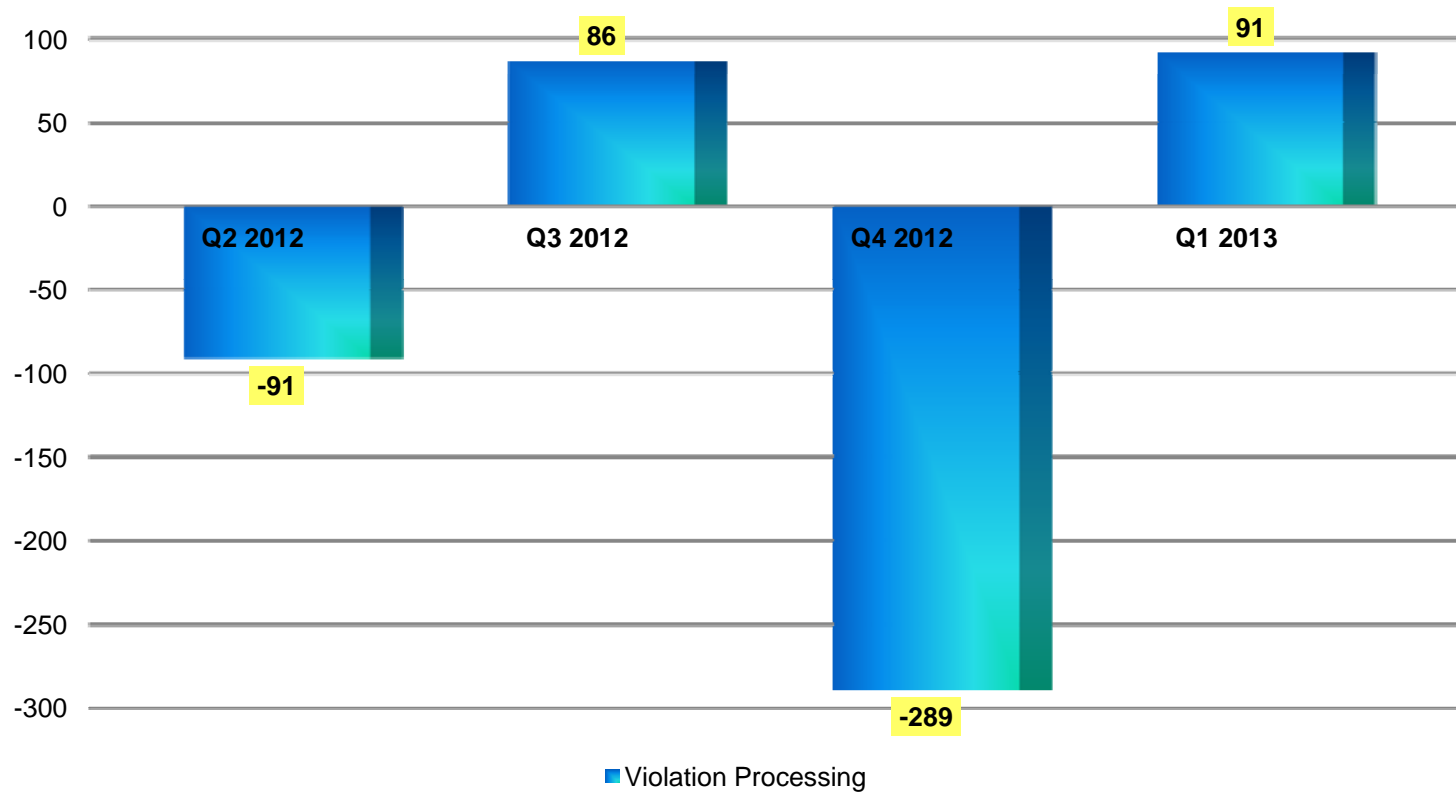
**Top 15 Violated Standards by Filing Disposition
Based on Filing Date of September 2011 through March 31, 2013**



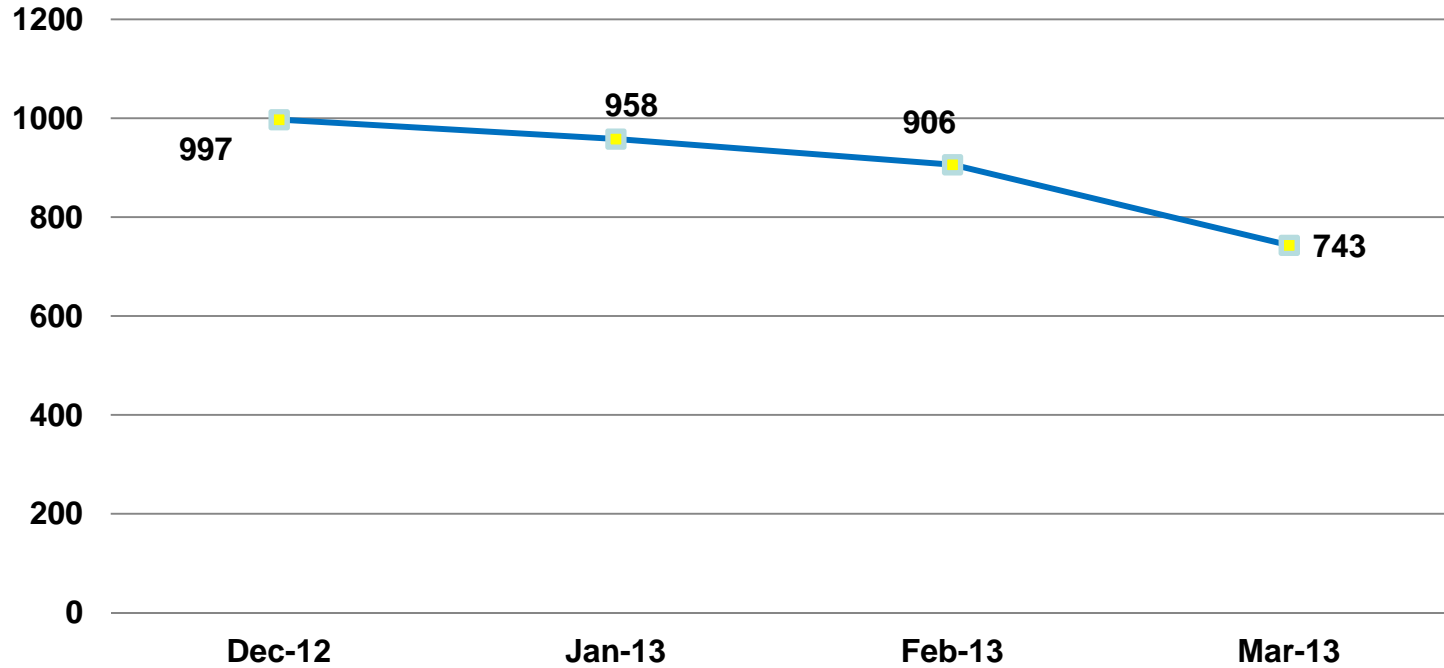
There is a slight variation in order of most frequently violated Reliability Standards when FFTs are not considered.

Processing for the Past Four Quarters

Violation Processing
For the Past Four Consecutive Quarters



Processing statistics fluctuate throughout the year.



Corporate goals for 2013 include eliminating pre-2012 caseload.

Active violations pre-January 2012 excludes violations that are held by appeal, a regulator, or a court.

- There are 419 open federal entity Possible Violations
- Of these, 373 Possible Violations (89%) are “on hold”
 - In this context, a violation is on hold if it cannot be processed pending a decision on the court case on the application of penalties to federal entities
- 86 percent have been mitigated or are actively being mitigated
 - The remainder is at various stages of the enforcement process

- ERO Enterprise Caseload Index
 - Number of months to process the ERO inventory based on last 12-month processing rate
- ERO Enterprise Inventory and Violation Aging
 - Number of violations in ERO enterprise caseload
 - Violations aging in ERO enterprise inventory by year of discovery; average number of months in inventory
- Next Steps
 - Aging of violations by Regional Entity
 - Aging of mitigation activity

ERO Caseload Index (as of March 31, 2013)

Violations in Inventory	Violations filed with FERC*	Total Number of Dismissals*	Caseload Index (Months)
2301	1700	566	12.2

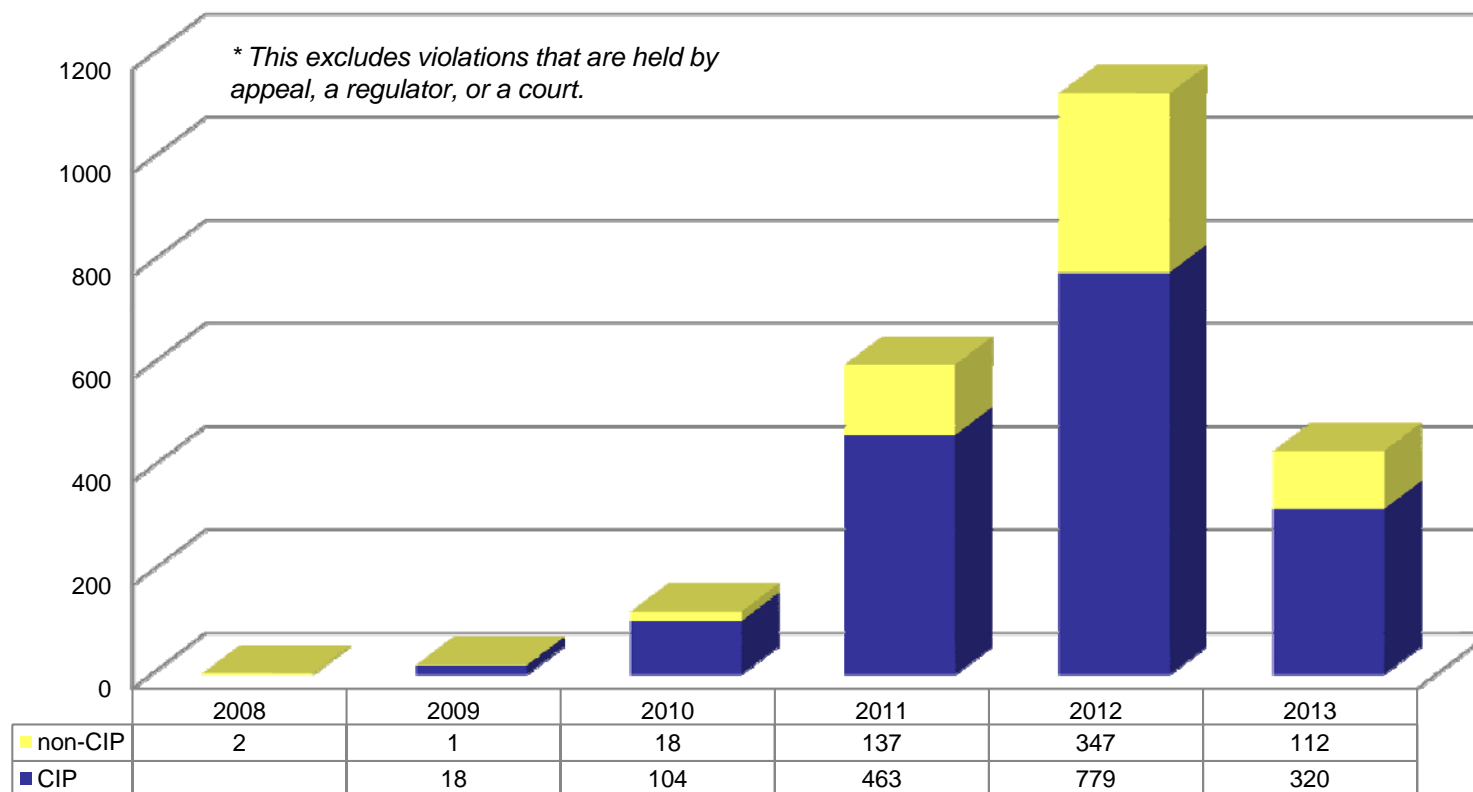
Caseload index excludes violations that are held by appeal, a regulator, or a court.

Violations in inventory are comprised of active violations that have not been filed with FERC.

**From April 2012 to March 2013.*

Corporate goal for 2013 caseload index is 10 months.

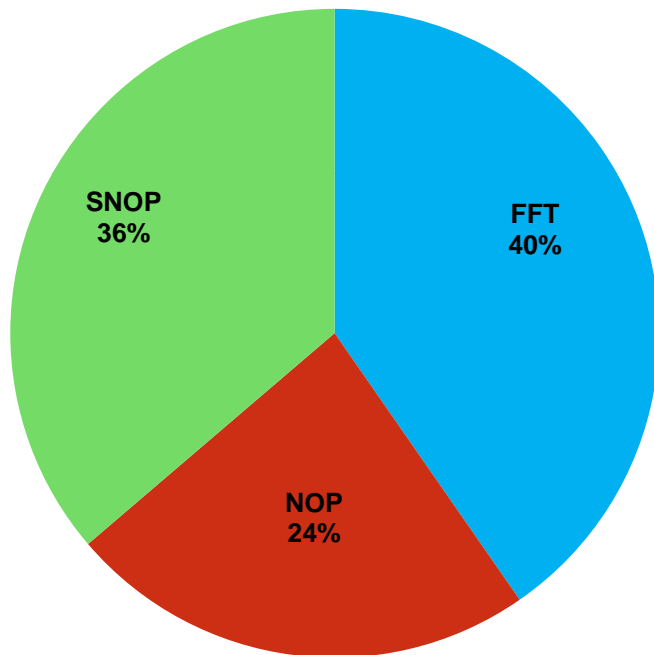
Violations Aging In Inventory



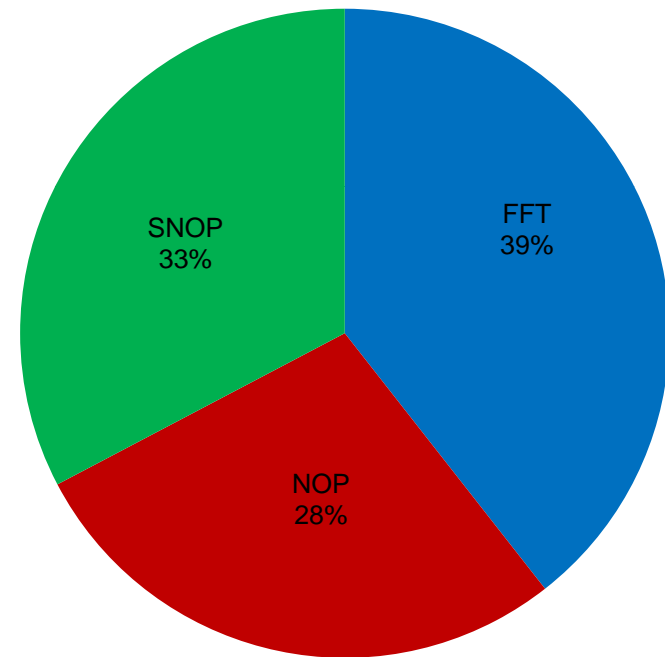
Average number of months in the ERO Enterprise inventory is about 12 months.

Average at the end of Q1 2012 was approximately 13 months.

**18 Months - From September 30, 2011
through March 31, 2013**



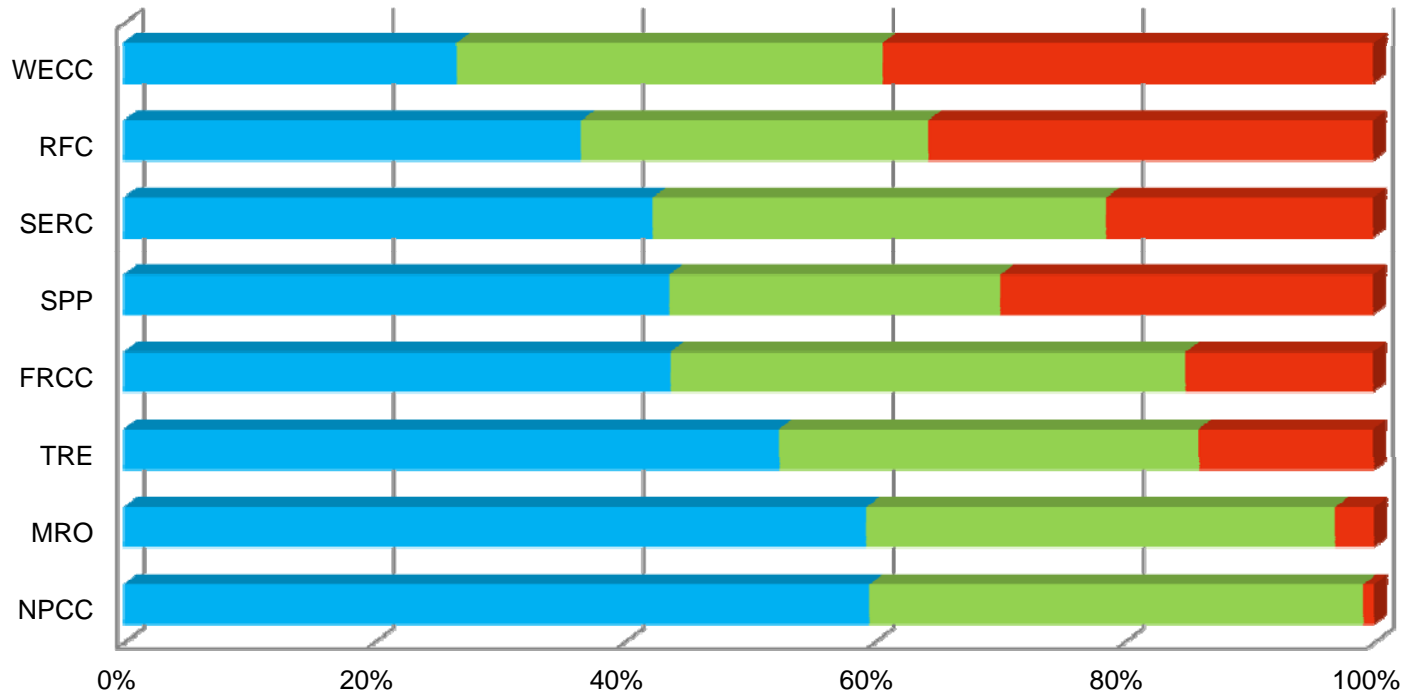
**12 Months - From April 1, 2012 through
March 31, 2013**



FFT utilization levels remain stable.

Processing Tracks – Past 12 Months

Percent FFTs, SNOPs and Full NOPs Filed
From April 2012 to March 31, 2013



	NPCC	MRO	TRE	FRCC	SPP	SERC	RFC	WECC
■ % FFT	60%	59%	52%	44%	44%	42%	37%	27%
■ % SNOP	39%	38%	34%	41%	27%	36%	28%	34%
■ % NOP	1%	3%	14%	15%	30%	21%	36%	39%