



FERC Enforcement Report Brief 2025

On November 20, 2025, the Office of Enforcement and Regulatory Accounting released its **Annual Report on Enforcement** covering the period of October 1, 2024 through September 30, 2025.

Why the FERC Enforcement Report should be of interest

If you are a **FERC Regulated Entity**, whether an **electric utility, gas transmission company or oil pipeline**, this report should be used to help comply with certain of FERC's accounting and regulatory/ratemaking rules that have been found to be deficient by DAA in its audits. This report can help entities avoid similar findings of non-compliance with FERC rules and regulations, limiting exposure to enforcement penalties and customer refunds, which could potentially be significant. Other entities not subject to FERC jurisdiction, but who follow the FERC Uniform System of Accounts ("USoA") (e.g., gas distribution utilities) may also find these findings helpful as state regulators may have similar concerns.

Overall results of DAA audits cited in this year's Enforcement Report

DAA completed 10 audits of electric, gas and oil companies in fiscal year 2025. These audits resulted in 63 findings of non-compliance and 260 corrective recommendations. These audits directed an estimated \$79.6 million in refunds and other recoveries, including \$9.4 million refunded to jurisdictional customers and preventing inappropriate costs estimated at \$70.2 million from being potentially collected through future customer rates. **Refer to Appendix I for a summary of DAA Audit Findings identified in FERC Enforcement Reports since 2011.**

DAA's Audit Process

The DAA conducts risk-based audits using publicly available information and consultations with other Commission divisions. Some audits focus on shared service organizations and allocations. Others may focus on the annual filings with FERC, primarily concerning whether the FERC USoA has been followed. Importantly, formula rate filings use the FERC Form 1 as a source of information. Thus, audit findings involving certain Form 1 accounts may have an impact on formula rates requiring, in some cases, refunds. Ultimately, a core purpose of the audit program is informing the Commission to take action regarding rates, tariffs, financial transparency and other areas of focus.

Further, most FERC audits generally include a review of the internal compliance of the entity for the "in-scope" areas. There is no concept of materiality in a FERC audit. As a result, the company's compliance function is important to limit potential findings as well as facilitate timely resolution of the recommended actions.

FERC findings may result in rate (revenue) impacts, or refunds or recoveries. **In some cases, FERC may require the entity to go back several years and apply the finding retroactively, with potential restatements impacting future revenue requirements.** Within the audit reports, the DAA identifies and supports their compliance findings and provides recommendations for improvement. In addition, DAA usually requests implementing stronger processes and internal controls as well as conducting training to prevent future occurrences.

Fiscal 2025 audit findings

The 2025 DAA audits produced 63 findings, many of which relate to areas observed in previous DAA audits of jurisdictional companies. The section below summarizes DAA audit findings not observed in previous audits. Following this section, the common and recurring areas of non-compliance are listed and discussed.

Note: DAA findings include non-accounting areas such as those involving ISO posting rules or other volume-type/capacity disclosures. Such non-accounting related areas are not discussed in this Brief.

Findings related to fuel and purchased power recovery:

Many companies have fuel-adjustment clauses and formula rate or tariff recovery mechanisms to recover fuel and purchased-power costs. This fiscal year, the DAA observed the following findings around fuel and purchased power recovery:

- Improper inclusion of fuel contract buyout costs in formula rates without obtaining FERC approval
- Improper inclusion of fuel handling costs, including storage costs, in USoA 151, Fuel Stock, rather than separately using USoA 152, Fuel Stock Expenses Undistributed or USoA 501, Fuel
- Power production revenue credits were assigned to multiple functions rather than assigning all power production revenue credits to the power production function
- Misstatement of USoA 518, Nuclear Fuel Expense, by using a single purchase order's fuel price to determine fuel expense rather than the required inventory unit price



PwC Observation: Although we recognize that fuel clauses are simple in form, the DAA has identified numerous instances where improper costs or accounting caused errors in calculations. Companies should consider processes and controls around the calculation of fuel and purchased power mechanisms, as well as assess whether employees have received appropriate training.

PwC Observation: As stated above, most of the 63 findings observed in 2025 are in areas included in previous Enforcement Reports or relate to non-accounting areas involving postings or capacity/volumes disclosure. Entities should be familiar with the accounting areas and findings previously identified by DAA, so as to reduce/eliminate similar findings from DAA audits. The next section of this Brief summarizes many of those carry-forward findings.

Findings related to preservation of records:

Emails communicating business decisions and activities may be considered “records” within the scope of the FERC’s preservation of records regulations, thus requiring such records to be identified, archived, indexed and retrievable. The regulations around preservation of records is outlined in **18 C.F.R Part 125**, including the period of retention for certain types of records. A company’s general policies and procedures for record retention, such as a policy calling for the destruction of emails after a specified period, may result in instances of noncompliance when emails that may be considered records are not preserved for the specified time periods.



PwC Observation: It would be prudent for companies to consider current data retention policies and practices to determine whether they need to establish a procedure to document and retain communications or support that may include key evidence supporting a decision or accounting conclusion. If the company is not able to produce the support in the event of a DAA audit, it may result in a recommendation or finding of non-compliance.

Common audit findings

The Enforcement Report contains a discussion on areas where DAA has found recurring compliance concerns or noncompliance of significant impact in recent years. DAA suggests that awareness and highlighting these areas will help with compliance efforts and enable jurisdictional entities that have not been audited to learn from those who have, thus avoiding potential enforcement actions.

Improper labor overhead capitalization rates

FERC guidance requires that the allocation of indirect labor costs to capital be supported by direct charging, through time reporting or through a periodic time study focusing on hours incurred in supporting capital or O&M activities. While most of the findings in this area have related to indirect Administrative and General (A&G) overheads, the DAA has also had discussion around supporting capitalization of Engineering and Supervision (E&S) clearing account activities.

During audits, FERC may inquire as to whether “time” was used to support capitalization rather than a metric. Time support might include positive time reporting (i.e. “directly charging” a work order), periodic time studies, or possibly exception time reporting where default percentages are themselves supported. Companies selected for audit can expect FERC to interview select employees whose time is being allocated to capital projects to understand how their work supports construction. The DAA may make a recommendation or finding if these employees cannot articulate that connection. Companies can also expect heightened scrutiny over allocations determined through a time study that are based on a metric, and should establish metrics based on specific cost drivers and retain supporting documentation over metrics used.

When adequate support for capitalization percentages does not exist, DAA may also require the company to apply the revised capitalization rate to previous periods and adjust previously capitalized amounts to reduce future rate base determinations and generate refunds to customers for amounts previously collected. Where previously capitalized amounts have been retrospectively reversed based on a lower capitalization rate, it would be expected that the DAA would challenge or question the recovery of those costs as operating expenses.

In a related finding involving the allocation of labor costs to capital projects, DAA observed the following:

“DAA has identified deficiencies in the design and monitoring of labor allocation methods to jurisdictional and non-jurisdictional activities and company functions. FERC USoA Electric and Gas General Instructions 10 suggests that data should be maintained such that a reasonably accurate distribution of labor costs can be classified among construction, cost of removal, electric, gas and nonutility functions. Additionally, shared services should be allocated to the companies based on actual time engaged or an appropriate allocation method.”



PwC Observation: This is an area that may result in significant monetary impacts. The DAA reported a settlement was reached with one entity in which the entity agreed to revise the accounting for labor and labor-related overheads to be consistent with periodic time studies and reduce its plant balances by \$70 million to address and resolve all disputes about labor overheads in the previous six years.

Companies should be prepared to defend capitalized A&G as being consistent with FERC USoA guidance, and be able to demonstrate that the percentage used to capitalize direct and indirect costs was based on time reporting. Estimates of time spent on capital supporting activities have been challenged when not supported by a study of actual employees and what they are doing for a sample period of time.

We note that there can be judgment in determining which activities qualify as having a definitive relationship to capital. It is important to document key judgments made in concluding which activities ultimately warrant capital treatment. Employees may need additional training or communication to understand how their work supports capitalization and be able to articulate that relationship in the case of a DAA audit.

The capitalization percentages should be refreshed on a periodic basis and the frequency should be based on facts and circumstances. Companies should establish monitoring mechanisms to determine whether changes in the company may result in current allocations not accurately reflecting current activities. Companies should implement change management controls to mitigate the risk that changes in the business may result in inappropriate or unsupported overhead rates.

Non-compliance with Allowance for Funds Used During Construction regulations

The Allowance for Funds Used During Construction (AFUDC) calculation and the balances to which it should be applied were developed almost 50 years ago. Nonetheless, one of the most common DAA annual audit findings occurs in this area. When significant errors in this calculation are noted, entities may have to retrospectively adjust amounts previously capitalized, impacting depreciation expense, accumulated depreciation and accumulated deferred income taxes, among other accounts. This could result in a reduction of amounts for future recovery (reduced rate base) as well as refunding revenues already collected. Most jurisdictional utility regulators have adopted FERC's USoA so there are potential resulting implications of this finding for state/local jurisdictional operations.

One of the common findings in this area concerns not using short-term debt as the first source of funding construction activities in the AFUDC calculation, and the short-term debt rate should be determined using an estimate of the current year's cost of short-term debt.

AFUDC Rate Calculation

- Improperly excluding certain debt amounts, such as average short-term debt, prior year-end long-term debt, and use-restricted long-term debt
- Improperly including commitment fees associated with lines of credit on long-term or short-term debt that should be excluded from the cost of debt
- Improperly reducing long-term debt by amounts such as USoA 181, Unamortized Debt Expense; USoA 189, Unamortized Loss on Reacquired Debt; and USoA 226, Unamortized Discount on Long-Term Debt, which should be excluded from the calculation of AFUDC rates. The capital structure used to calculate AFUDC rates should be based on gross long-term debt proceeds. Premiums, discounts and gains/loss or reacquired debt should be included in determining the effective debt cost rate, not reducing the debt itself.
- Balances used in calculating the rate were not FERC Form 1 balances (e.g., GAAP balances were improperly used), or fiscal-year end balances were used rather than calendar year-end balances reported in FERC Form 1
- Improperly including USoA 216.1, Unappropriated Undistributed Subsidiary Earnings, and USoA 219, Accumulated Other Comprehensive Income in the equity component of AFUDC
- Improperly using monthly balances rather than prior year end balances for debt and equity

Basis of Application

- Improperly accruing AFUDC on inactive or suspended construction projects
- Computing AFUDC on non-cash accruals such as contract retention
- Improperly accruing AFUDC on projects that already receive incentive rate treatment such as permitting the projects' CWIP to be included in rate base

Other

- Companies improperly compounded AFUDC monthly or more frequently than semi-annually
- Accumulated Deferred Income Tax (ADIT) was incorrectly calculated on AFUDC Equity, which is not taxable. AFUDC Equity does not have income tax consequences when initially recorded on CWIP balances nor when the capitalized AFUDC Equity is depreciated for book purposes.



PwC observation: DAA auditors are familiar with the AFUDC guidance contained in Federal Power Commission (FPC) Order 561 and Plant Instruction 3(17). Any deviation from this guidance requires FERC approval or a waiver. DAA will compare the entity's AFUDC rate and to which balances it is being applied and if a difference exists without support for the difference, a finding is likely (and potential adjustment to previous amounts capitalized). Entities would be well served to perform this comparison themselves.

Presentation/Classification of expenses

Merger and acquisition activities (transition costs)

Companies are generally familiar with the rule that merger transaction costs must be presented “below the line,” meaning as part of non-operating expenses in USoA 426.5, Other Deductions, unless FERC approval is received allowing for a different treatment. Recently, we have observed an increased focus on the treatment and classification of transition costs. Often in a transaction approved by FERC, the approval will include a “hold harmless” clause as part of the Section 203 filing. In such a situation, transition costs also need to be included below the line. The DAA observed findings when outside or service company acquisition-related costs, including legal, economic and valuation services are not identified as merger-related and incorrectly included as A&G expenses. Further, there may not be consistency or transparency in the costs included in the definition of a company’s transition costs. For example, FERC has observed instances where companies included costs associated with transitioning the newly acquired company onto legacy IT systems, financing costs associated with the merger, or pushdown of certain merger costs from the parent to the utility subsidiary “above the line.”



PwC observation: FERC advises companies to obtain an understanding of all transition type costs and directly record such costs in discrete work orders such that they can be appropriately tracked and classified “below the line” as a non-operating expense. Companies often fail to identify all transition type costs to classify the transition costs as “below the line” when such costs are aggregated in general work orders and reclassified as transition costs after the costs are incurred. FERC docket PL-15-3 contains a list of potential transaction and transition costs that companies should review when considering a transaction.

Affiliate transactions

DAA has identified companies recording all affiliate transaction costs to a single account, such as USoA 923, Outside Services Employed, USoA 930.2, Miscellaneous General Expenses or USoA 920, Administrative and General Salaries, rather than posting the affiliate transaction costs to the appropriate accounts. Affiliate transactions and shared service costs should be recorded to the account at the subsidiary level that matches the nature of the service performed (and to the appropriate non-operating, operating and maintenance, or administrative and general accounts). The improper recording of such transactions to a single account can lead to the inappropriate recovery of non-operating expenses in cost of service and cloud the transparency in financial reporting results.

Other expense classification

DAA has observed other instances in which companies have improperly classified “below the line,” or non-operating expenses, as “above the line,” or operating expenses, resulting in inappropriate recovery of non-operating expenses in cost of service. Examples of these costs include employment discrimination settlement payments, lobbying expenses, charitable contributions, portions of membership dues associated with lobbying or donations, distribution system maintenance expenses, generation function costs, costs of services provided to affiliates, and payments of penalties. Additionally, DAA has observed general misclassification of costs within general and administrative expenses leading, in some cases, to the improper inclusion of such costs in revenue requirements under formula rates.

Additional examples of misclassification of costs observed include

- Allocating affiliated transactions using a method that improperly assigned general costs to a single jurisdictional company when such costs benefited multiple affiliates
- Recording distribution-related lease and IT software maintenance payments and vegetation management costs in USoA 566, Miscellaneous Transmission Expenses rather than in the appropriate functional accounts
- Recording expenses relating to wildfire safety programs and published notices for public participation in hearings in USoA 923, Outside Services Employed and payments to intervenors in USoA 930.2 Miscellaneous General Expenses
- Recording certain advance payments as expenses rather than USoA 165, Prepayments

Electric vehicle (EV) charging stations

Utilities included EV charging station costs in the formula rate wholesale revenue requirement. EV charging stations serve a distribution function and should not be included in the transmission revenue requirement.

Income taxes

Income tax overpayments

Reporting entities have incorrectly recorded income tax overpayments for which they elected to receive a refund and not have such overpayments applied to a future tax year's obligation in USoA 165, Prepayments. As prepayments are generally included in the working capital calculation under the formula rate methodology, this classification leads to excess recoveries through formula rate billings. Such tax overpayments should be recorded in USoA 146, Accounts Receivable from Associated Companies, or USoA 143, Other Accounts Receivable, as appropriate.

Excess accumulated deferred income taxes (ADIT)

As a result of the Tax Cuts and Jobs Act of 2017 ("TCJA"), rate regulated utilities remeasured their ADIT balances to reflect the lower federal income tax rate (reduced from 35% from 21%) and adjusted ADIT with an offsetting regulatory liability or regulatory asset for excess ADIT. Under certain formula rate tariffs, public utilities were required to neutralize the rate base impacts of these TCJA adjustments to ADIT balances. DAA found instances where utilities removed balances from the ADIT accounts but did not make the necessary adjustments to keep rate base neutral. This led to rate base being overstated and wholesale transmission customers being overbilled. DAA also found instances where excess and deficient ADIT related to the TCJA were netted in USoA 254, Other Regulatory Liabilities.



Other

Equity method of accounting for investments

The DAA has identified Companies that have improperly accounted for investments in wholly owned subsidiaries and joint ventures using the consolidation method rather than equity method of accounting. The FERC has a long-standing policy on accounting for investments in affiliated companies using the equity method of accounting rather than the consolidation method. Additionally, certain companies did not maintain records to support their initial investments, net income and distributions of income, or otherwise incorrectly accounted for investments.

Asset retirement obligation (ARO)

FERC observed utilities including ARO amounts in formula rates by counting the ARO asset in rate base and the related ARO asset depreciation and ARO liability accretion in recoverable expenses. Absent FERC approval, the various ARO accounts should be excluded from formula rate filings. When ARO costs are excluded, cost of removal should generally be included.

Revenue credits

Revenues from pole attachments and rentals were excluded when determining transmission-related revenues. By excluding such revenues, transmission-related revenues were understated resulting in overstating the required formula rate revenue deficiency.

Regulatory assets

Utility companies included amortization of regulatory assets related to state-jurisdictional rate design activity in FERC formula rate calculations prior to obtaining the required approval from the Commission.



PwC observation: DAA suggested within the Enforcement Report that non-compliance in these miscellaneous revenue/expense areas could have been prevented through effective coordination between different departments within the company. A process that ensures involvement of accounting, tax and regulatory personnel in the preparation of the formula rate filing may lead to fewer instances of formula rate non-compliance. Unlike a financial statement audit, the DAA does not utilize a materiality threshold; therefore, companies should also consider whether formal controls are required to mitigate the risk of improper accounting.

Non-compliance with transmission rate incentives

Where the Commission has granted incentive treatment for transmission rates, DAA has observed that some companies have included non-qualifying (i.e., projects not approved for incentive by the Commission) projects in the incentive portion of the calculation of the wholesale revenue requirement, causing over-billings to customers.



Gas transmission specific findings

Additional pipeline considerations around the calculation of AFUDC

Similar to the AFUDC issues described previously, DAA has noted issues with the manner in which gas pipelines calculate the AFUDC rate or how it is applied to CWIP balances. DAA noted gas pipelines:

- Using only a portion of short-term debt borrowed in the month such debt was incurred, rather than the total outstanding short-term debt amount
- Failing to include borrowings represented by the daily average net payable position of a company's corporate cash management program in the short-term debt component of its AFUDC rate calculation

DAA also noted instances where the debt and equity AFUDC components included a subsidiary's undistributed earnings, added accumulated other comprehensive income to the equity component and/or included unamortized discounts on long-term debt in the long-term debt component.

Errors in applying the AFUDC rate to CWIP have involved:

- Allocating overhead costs to construction projects not based on actual time or on representative time studies
- Including unpaid contract retention accruals in CWIP balances (not excluding unpaid amounts)
- Recording amounts received from third parties and recorded as contributions in aid of construction (CIAC) as CWIP

Other gas findings (property accounting related)

- Inconsistently applying a property unit listing to replacements of utility plant
- Improperly including property in gas plant that was not being used in operations
- Poorly timed ceasing depreciation of retired gas plant after receiving FERC approval for abandonment



PwC observation: This finding on units of property should be considered for all companies. While we have not historically seen the FERC focus on units of property in the past in connection with their audits, this finding may indicate that it will increasingly be a focus area in the future. It is important that companies have a property unit catalog and that their capitalization policy be consistent with that catalog. Companies may benefit from regularly reassessing their catalog and related capitalization policies. Companies should consider whether changes in business practices, such as the nature of assets installed today and how those assets are maintained and updated, may necessitate a change in property unit catalog policies.



Gas transmission FERC Form 2

Recent audits have observed pipeline FERC Form 2 (Annual Report of Major Natural Gas Companies) reporting was inaccurate, incomplete, and omitted required information and footnote disclosures required for various schedules supporting the financial reporting. Noncompliance included inaccurate or incomplete schedules supporting adjustments to company fuel use percentages, inaccurate reporting of balances within fuel retainage quantity filings, failing to file journal entries with the FERC for approval of the sale and purchase of an operating unit or system and filing proposed accounting entries under the wrong type of docket.

Oil pipeline specific findings

Depreciation rates and studies

DAA audits have found that oil pipelines have used depreciation rates not approved by FERC, used the component rather than composite depreciation method without FERC approval or misapplied the component method of depreciation, and used outdated/stale depreciation studies. In some instances, these errors have led to certain asset groups with negative book values. The DAA has also observed findings related to retired property that was not removed from plant accounts.

Pipeline loss allowance (PLA) and Gravity shrinkage deduction (GSD)

Oil pipeline tariffs allow the retainage of PLA and GSD from shippers' oil to cover losses during transportation and density differences. However, some pipelines have improperly accounted for and reported PLA and GSD activities, leading to the omission of interstate revenues and expenses from Page 700 and reduced transparency in reporting excess oil sales in the FERC Form 6.

Capital structure and return on equity (ROE)

Oil pipelines calculated the weighted cost of capital using methods not supported by the Commission for determining ROE (currently an equal weighting of the Discounted Cash Flow and the Capital Asset Pricing Model methods) and an unsupported or all equity capital structure to calculate the weighted cost of capital to derive the return on rate base for Page 700. FERC has stated that an all-equity capital structure is unacceptable.

Classification of expenses specific to oil pipelines

In addition to the common expense classification findings discussed above, the DAA observed incremental findings related to oil pipelines around the misclassification of crude oil transactions related to sales and purchases of oil products and oil spills and leaks, noncarrier property in operating expense accounts, and state margin taxes as income taxes rather than pipeline taxes.

Oil pipeline FERC Form 6 audits have found that oil pipelines did not comply with the FERC Form 6 (Annual Report of Oil Pipeline Companies), particularly Page 700 (Annual Cost of Service-Based Analysis Schedule), or certain other reporting and filing requirements. The DAA noted instances where FERC Form 6 reporting was inaccurate or incomplete (missing required information and/or omitting footnote disclosures) for various schedules, including:

- Journal entries were not filed with the FERC for approval for the purchase of distinct operating systems
- Approval to adjust retained earnings was not obtained
- Affiliate transactions were not recorded on a monthly basis
- Misclassification of idled property without definite future plans as carrier property instead of noncarrier property, leading to incorrect accounting practices
- Continuing property records did not identify retirement units or minor items of property so that 1) appropriate retirement accounting can occur and 2) replacement of minor items are expensed and not incorrectly capitalized

Other DAA Activities

In addition to the aforementioned audits, DAA provides guidance on a number of accounting and ratemaking issues. In FY2025, DAA:

- Advised and acted on 447 proceedings at FERC covering various accounting matters with cost-of-service rate implications
- Acted on 143 accounting or reporting filings requesting approval, authorization, acceptance, acknowledgement or confirmation of a proposed accounting treatment or financial reporting matter. This included a high volume of accounting filings related to asset sales and acquisitions
- Participated in 120 rate proceedings (involving formula rates and others) working with other FERC program offices. Recurring rate filing areas included stranded costs associated with early plant retirements; regulatory assets and related amortization; AROs; pensions and postretirement benefits other than pensions; taxes and tax credits; depreciation; leases; prepayments; capitalization of costs; capital structure and cost of service considerations; allocation of costs to production, transmission, and distribution; administrative and general expenses; and net operating loss carryforwards and ADIT

Key Takeaways

The FERC audit process can take anywhere from 12-18 months to complete from initial notification to final report. This period can extend longer depending on the nature of the remediation activities deemed necessary by DAA auditors. As shown in this Brief, DAA audits can lead to significant monetary corrections — either requiring refunds or reducing capitalized costs impacting future cost recovery. They can also lead to significant company disruptions as personnel spend incremental time focusing on the audit and remediation activities as opposed to normal job responsibilities. DAA tracks every audit recommendation it makes and works with each company until all recommendations have been fully implemented. FERC encourages strong compliance programs and places emphasis on timely implementation of corrective actions within six months of audit completion (in Fiscal 2025, 97% of corrective actions met this goal).

As a result, considering the impact of potential remedial activities, along with the number of repeat findings and other comments reflected in the FERC Enforcement Report, jurisdictional companies may benefit from proactively working to address common FERC audit findings to reduce the impact of any FERC audit that may occur or potential monetary corrections upon a DAA finding. Entities should evaluate their existing processes and internal controls for all regulatory filings, including those with FERC. Conducting a thorough review of such processes and controls could increase the likelihood of compliance with the required guidance. Based on the complexity of the matters identified by DAA, it may be beneficial to engage outside specialists to assist in the effective review and correction of existing processes and controls.

By formally communicating the areas of focus and the specific findings uncovered during audits or reviews of rate filings, FERC has provided information that should be useful for various FERC filings, including FERC Form 1, FERC Form 2, and FERC Form 6 (page 700), as well as rate filings.

FERC

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Help desk:

<https://www.ferc.gov/about/contact-us/compliance-help-desk>

Have additional questions?

The Commission Staff have released answers to frequently asked questions with the intent of providing the public with further guidance on common issues. The Staff's answers can be found here:

<https://ferc.gov/media/accounting-questions-and-answers>

CARS

PwC's Complex Accounting & Regulatory Solutions Practice (CARS) specializes in supporting rate regulated entities, improving efficiencies and reducing risk within their regulatory functions. Our goal is to help utilities identify solutions that are positive for all stakeholders, improving profitability and fostering positive regulatory outcomes. Our team of specialists offer a wide range of bespoke rate case, regulatory and accounting solutions to help solve your most complex business issues. We drive value by supporting companies in a variety of areas, including expert testimony, rate case process/controls evaluation, rate case preparation and pre-filing analysis, development of rate design solutions, and assistance with a broad array of complex accounting matters.

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Appendix I. The following table shows the number of audits, findings and refunds/other recoveries identified in FERC Enforcement Reports since 2011

| Enforcement report year | Audits | Findings/ Recommendations | Refunds/ Reductions ¹ (millions) | Average Findings/ Recommendations per audit | Average refunds/ Reductions per audit (millions) | Average Refunds/ Reductions per finding/ recommendation |
|-------------------------|--------|---------------------------|---|---|--|---|
| 2025 | 10 | 323 | \$79.60 | 32.3 | \$7.96 | \$246,440 |
| 2024 | 10 | 295 | \$45.64 | 29.5 | \$4.56 | \$154,726 |
| 2023 | 9 | 400 | \$33.34 | 44.4 | \$3.70 | \$83,850 |
| 2022 | 12 | 309 | \$158.36 | 25.8 | \$13.20 | \$512,491 |
| 2021 | 12 | 314 | \$18.52 | 26.2 | \$1.54 | \$58,980 |
| 2020 | 10 | 199 | \$98.40 | 19.9 | \$9.84 | \$494,472 |
| 2019 | 11 | 286 | \$161.20 | 26.0 | \$14.66 | \$782,534 |
| 2018 | 14 | 209 | \$185.10 | 14.9 | \$13.22 | \$885,645 |
| 2017 | 11 | 301 | \$13.30 | 27.4 | \$1.21 | \$44,186 |
| 2016 | 14 | 214 | \$5.30 | 15.3 | \$0.38 | \$24,766 |
| 2015 | 22 | 360 | \$26.30 | 16.4 | \$1.20 | \$73,055 |
| 2014 | 19 | 162 | \$11.70 | 8.5 | \$0.62 | \$72,222 |
| 2013 | 29 | 360 | \$15.40 | 12.4 | \$0.53 | \$42,777 |
| 2012 | 44 | 399 | \$9.30 | 9.1 | \$0.21 | \$23,308 |
| 2011 | 56 | 300 | \$96.10 | 5.4 | \$1.72 | \$320,000 |

¹ Represents the total estimated amount of refunds and other recoveries, including rate base reductions. This includes amounts ordered to be refunded to customers, and the estimated amount of inappropriate costs prevented from future recovery.



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