



Filing Deadline: November 30, 2016

## Federal Energy Regulatory Commission 2016 FERC Form 580 Interrogatory on Fuel and Energy Purchase Practices

Refer to the general guidance and directions provided in the 2016 FERC Form 580 Desk Reference to complete the interrogatory. Included herein is an [appendix on Coal Contract Types](#) and a [Glossary](#) of terms used. Terms highlighted in blue are defined in the glossary.

1.

a) Enter the exact legal name of the filing Utility (as company is registered with the Commission).	
Utility name:	

b) Identify the principal contact person for clarification and additional information concerning your Utility's fuel procurement.							
Name	Address					Telephone	Email address
	street	suite	city	state	zip code		

c) Identify the principal contact person for clarification and additional information concerning your Utility's energy purchases (purchased power).							
Name	Address					Telephone	Email address
	street	suite	city	state	zip code		

2.

a. Provide the following information regarding non-transmission related wholesale **automatic adjustment clauses** (AACs) your Utility had on file with the Commission during calendar years 2014 and 2015. Note: if a single service agreement has more than one type of AAC or more than one type of cost associated with an AAC enter each in subsequent rows, copying and pasting information from the other columns to save time.

Docket number under which rate schedule containing AAC through which costs were passed during 2014 and/or 2015 was accepted for filing by FERC	Is this AAC a fuel adjustment clause?	Tariff volume number containing	Rate schedule number containing AAC	Date rate schedule was first accepted for filing by the Commission	First effective date of rate schedule	Was rate schedule superseded or abandoned during 2014-2015? If so, provide date	Identify service agreement within rate schedule containing AAC

If the Utility had no non-transmission-related wholesale AACs during the reporting years, check here:

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b. If any of the Utility's wholesale rate and/or service agreements containing an AAC listed in Question 2a, that was used during 2014 and/or 2015, was filed with the Commission before January 1, 1990, attach an electronic copy of it with this filing. List the documents you are submitting below. Note: once this information is submitted electronically in a text-searchable format it will not be necessary to submit it in future Form 580 filings. See: <http://www.ferc.gov/docs-filing/elibrary/accept-file-formats.asp> for listing of Commission-accepted document types.

File name with extension	Document/ File Description:

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**NOTE: If the Utility for which you are filing did not have any rate/service schedules on file with the Commission allowing the automatic adjustment of fuel and/or fuel-related items subject to 18 CFR 35.14 during 2014-15 STOP HERE, you are finished. File your responses to questions 1 and 2 with the Commission. Otherwise, continue with the questions that follow.**

3. If during the 2014-2015 period, the Utility had any contracts or agreements for the purchase of either energy or capacity under which all or any portion of the purchase costs were passed through a fuel adjustment clause (FAC), for each purchase from a PURPA Qualifying Facility (QF) or Independent Power Producer (IPP) provide the information requested in the non-shaded columns of the table below. Provide the information separately for each reporting year 2014 and 2015. **Do not report purchased power where none of the costs were recovered through an FAC.** Fill-in the non-shaded columns and either the "Only energy charges" columns or "The total cost of the purchase of economic power" columns, whichever apply.

If the Utility did not recover any purchased power costs through an AAC, check here:

					Cost item/s recovered through AAC					
					<i>By type chosen</i>					
					Only energy charges		The total cost of the purchase of economic power			
Year	Seller name	Purchase cost (\$)	Annual amount recovered through an AAC (\$)	Does the Commission-accepted FAC used to recover this cost allow for automatic recovery of purchased power costs?	Was the total of such charges less than the total avoided variable costs?	Was economic dispatch used to determine whether the charges were less than avoided costs?	Was the total cost of purchased power less than the total avoided variable costs?	Was the duration of the purchased power equal to or less than twelve months?	Did the FAC used for cost recovery include the system reserve capacity criteria by which the system operator decides whether a reliability purchase is required?	If the purchased power was wind-generated, was the avoided cost comparison done on a contract-by-contract basis?

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4. If emission allowance costs were incurred by the Utility in 2014 and/or 2015 and were recovered through an FAC provide the following information.

Origin of emission allowance cost	Dollar value of emission allowance cost passed through an AAC		Docket number, if any, of Commission acceptance of emission allowance cost recovery through the AAC	Date Commission accepted AAC recovery of emission allowance costs
	2014	2015		

b) Were emission allowance costs recovered in any other method than through an FAC?

If yes, how were they recovered? Include specific Commission rate schedule and service agreement notations.

5. Provide the information requested below regarding the Utility's fuel procurement policies and practices in place during 2014 and/or 2015 for fuels whose costs were subject to 18 CFR 35.14. **Note: Responses to this question may be filed as Privileged. To do so, skip this question now and answer it via the Fuel Procurement Policies and Practices Privileged Addendum provided. Otherwise, answer it here and your responses will be made public.**

<b>Are you filing the Question 5 Privileged Addendum?</b>						
a1. How often does Utility management review the fuel procurement process?					Select value:	
a2. When was the last review?						
a3. Who conducted the last review? (Last, First, MI) & (Title)						
a4. What was covered in the last review?						
b1. Does the Utility have a policy on fuel inventory levels?						
b2. Does the policy state under what circumstance/s fuel inventory is increased or decreased?						
<input type="checkbox"/> Utility has no policy on fuel inventory levels.						
b3. When was the fuel inventory policy last reviewed, and who last approved it?						
b4. Who made the working decisions to change inventory levels? (Last, First, MI) & (Title)						
c. Describe any use by the Utility of systematic procedures for periodic market investigations of fuel costs and availability, particularly prior to renewal or renegotiation of contracts.						
d. Describe any environmental constraints which influenced the Utility's fuel purchase practices.						
e. What quality characteristics were routinely specified in the Utility's fuel contracts?						
<i>Fuel</i>	<i>Energy Content</i>	<i>Sulfur Content</i>	<i>Ash Content</i>	<i>Moisture Content</i>	<i>Other</i>	
Coal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Oil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Natural gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

		%	0%	>0-25%	25-50%	50-75%	75-100%
f. What percentage of the Utility's fuel was purchased from utility-controlled (i.e. affiliate) sources?	Coal		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Oil		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Natural gas		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Other		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g1. How were potential fuel suppliers qualified?							
g2. What criteria are used to rank bidders?							
g3. How were credit and performance ratings of potential fuel suppliers checked?							
g4. Do you automatically select the lowest bidder?		Y <input type="checkbox"/> N <input type="checkbox"/>					
If not, what criteria are used for selection and negotiation of the fuel contract?							
g5. Describe the procurement procedures used on your most recent fuel procurement contract for both:							
- the purchase from a non-affiliated company							
- the purchase from an affiliated company							
h. Do the Utility's purchase policy practices differ for associated companies?		Y <input type="checkbox"/> N <input type="checkbox"/>					
If so, what generally are the differences?							

6. For each fuel supply contract, of longer than one year in duration, in force at any time during 2014 and/or 2015, where costs were subject to 18 CFR 35.14, (including informal agreements with *associated companies*), provide the requested information. Report the data individually for each contract *for each calendar year*. No response to any part of Question 6 for fuel oil no. 2 is necessary. Report all fuels consumed for electric power generation and thermal energy associated with the production of electricity. **Information for only coal, natural gas, and oil should be reported.**

**Contract 1**

a. Contract specifications					Use the add, delete, or copy contract buttons to manage contract records			Copy Contract (+)	Add Contract (+)	Del Contract (-)							
Contract ID / number	Reporting Year	Contract signing date	Contract expiration date	Is contract evergreen ?	Contract type			Fuel quantity			Fuel quality			Impurity content			
					Coal (choose from list)	Gas supply (choose from list)	Gas transportation (choose from list)	Gas (x10 <sup>3</sup> mmbtu)	Oil (x10 <sup>3</sup> bbls)	Coal (x10 <sup>3</sup> tons)	Gas (Btu/ft <sup>3</sup> )	Pipeline quality? (Y/N)	Oil (Btu/gal)	Coal (Btu/lb)	Sulfur content (%weight)	Ash content (%weight)	Moisture (%)

b. Delivered characteristics																	
Fuel origin		Fuel destination		Fuel quantity				Fuel quality				Impurity content			Fuel cost (see desk reference)		
Primary State / Country of Origin	Type of purchase point	Total fuel transportation distance (mi.) from Utility's receipt point to plant	Gas (x10 <sup>3</sup> mmbtu)	Oil (x10 <sup>3</sup> bbls)	Coal (x10 <sup>3</sup> tons)	Coal (x10 <sup>3</sup> tons) not delivered by end of contract year	Gas (Btu/ft <sup>3</sup> )	Pipeline quality? (Y/N)	Oil (Btu/gal)	Coal (Btu/lb)	Sulfur content (%weight)	Ash content (% weight)	Moisture (%)	Actual weighted average fuel price paid FOB origin/year (cents/mmBtu)	Actual weighted average fuel price paid FOB plant/year (cents/mmBtu)		
1.	Destination Plant:						Enter Plant Not Listed:										

Use the add or delete buttons to manage Delivered Characteristics information for each contract :

c. Fuel and transportation contract affiliates		
Name of any entity affiliated with the Utility that is involved in the procurement or transportation of its fuel	Type of affiliation	Affiliated entity involvement with the Utility

7. For each fuel supply contract, including informal agreements with associated or affiliated companies in force at any time during 2014 or 2015 **WHERE CONTRACT SHORTFALL COSTS WERE PASSED THROUGH an FAC** subject to 18 CFR 35.14, provide for each contract separately the information requested below. **Only report the information requested for shortfalls that occurred under your contracts during reporting years 2014 or 2015** and that are not under dispute i.e. parties agree there was indeed a shortfall.

a) Cause of the shortfall [e.g., disruption in production, fuel not meeting quality specifications, dispute over contract provisions, a disruption in supplier's transportation system or other (specify)].	b) Amount of shortfall costs passed through the FAC	c) Utility or Supplier-caused?	d) Did contract contain a provision for shortfall consequences?

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8. For each fuel supply contract that was bought-out or bought-down, including informal agreements with associated or affiliated companies in force at any time during 2014 or 2015 **WHERE CONTRACT BUY-OUT AND/OR BUY-DOWN COSTS WERE PASSED THROUGH an FAC** subject to 18 CFR 35.14, provide for each contract separately the information requested below. **Only report the information requested for contract buy-downs and buy-outs that occurred under your contracts during reporting years 2014 or 2015** and that are not under dispute i.e. parties agree there was indeed a shortfall.

a) Type of change (buy-down or buy-out)	b) Effective date of buy-out or buy-down (mm/dd/yy).	c) Amount of any buy-out and buy-down costs that were passed through the FAC (\$xx).	d) Docket number of Commission waiver, if any, allowing recovery of contract buy-down and buy-out costs through the FAC.

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## APPENDIX A

### Coal Contract Types

#### **1. Base Price plus Escalation**

Different components of the price escalate (or de-escalate) as a function of changing economic conditions (indices).

#### **2. Price Renegotiation**

The price is renegotiated at predetermined intervals, usually one year. This type of contract, frequently known as an "EVERGREEN CONTRACT," may also contain provisions for price adjustments between renegotiations.

#### **3. Price Tied to Market**

Price tied to the price of coal being sold in a particular market. Product and market area are defined in the contract. Contract may contain a "Most Favored Nations" clause, *i.e.*, supplier will not sell to any utility at a price lower than your utility is paying.

#### **4. Cost-Plus Contract with a Fixed Fee Provision**

Purchaser agrees to pay all producer costs plus a management fee. Some contracts provide for payment of both a management fee and a profit. This contract has a *Fixed Fee* provision.

#### **5. Cost-Plus Contract with an Incentive Fee Provision**

Purchaser agrees to pay all producer costs plus a management fee. Some contracts provide for payment of both a management fee and a profit. This contract has an *Incentive Fee* provision, *i.e.*, a variable fee that is tied to various productivity and cost reduction incentives.

#### **6. Fixed-Price Contract**

Price is fixed over the life of the contract.

## Glossary

Term	Definition
Annual weighted average	An average taken over a 12-month period in which each item being averaged is multiplied by a number (weight) based on the item's relative importance. The result is summed and the total is divided by the sum of the weights.
Associated (affiliated) companies	Companies or persons that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the account company. (see 18 CFR Part 101 for more information)
Automatic adjustment clause (AAC)	A provision of a rate schedule which provides for increases or decreases (or both), without prior hearing, in rates reflecting increases or decreases (or both) in costs incurred by an electric utility.
Avoided variable costs	All identified and documented variable costs (costs that change or vary with usage, output or production, e.g., fuel costs) that would have been incurred by the buyer had a particular purchase not been made. Such costs include, but are not limited to, those associated with fuel, start-up, shut-down or any purchases that would have been made in lieu of the purchase made.
Base price plus escalation	Different components of the price escalate (or de-escalate) as a function of changing economic conditions (indices).
Contract buy-downs	Costs paid in compensation to suppliers for reducing the contract amount to below the minimum requirement.
Contract buy-outs	Buy-out costs are compensation paid to suppliers for ending a contract before the previously agreed upon contract expiration date.
Capacity	Electricity available to provide to a market during a defined period.
Commission cite	Reference to a Commission document/issuance.
Contract ID/ number	Unique contract identifier that the Utility uses internally to identify a contract.
Cost-plus contract with a fixed fee provision	Purchaser agrees to pay all producer costs plus a management fee. Some contracts provide for payment of both a management fee and a profit. This contract has a Fixed Fee provision.
Cost-plus contract with an incentive fee provision	Purchaser agrees to pay all producer costs plus a management fee. Some contracts provide for payment of both a management fee and a profit. This contract has an Incentive Fee provision, i.e., a variable fee that is tied to various productivity and cost reduction incentives.
Economic power	Power or energy purchased over a period of twelve months or less where the total cost of the purchase is less than the buyer's total avoided variable cost.
Effective date of rate schedule	The date upon which service is approved by FERC to begin.
EIA	EIA is an acronym for Energy Information Administration.
EIA code	Unique identification number assigned by EIA to utilities and plants.
Energy charge	That portion of the charge for electric service based upon the electric energy (kWh) consumed or billed.
Evergreen contract	A contract that is renewed automatically or by notice from year to year until canceled by either party.
Filing year	The year the data is collected.
Fixed-price contract	Price is fixed over the life of the contract.

Term	Definition
FOB	FOB is an acronym for Free On Board. The term FOB (often seen as f.o.b.) is commonly used when shipping goods to indicate who pays loading and transportation costs, and/or the point at which the responsibility of the goods transfers from shipper to buyer. FOB origin is the term used when the ownership/liability of goods passes from the seller to the buyer at the time the goods leave the origin. FOB plant designates that the seller is responsible for the goods until the buyer takes possession at the delivery point. This is important in determining who is responsible for lost or damaged goods when they are in transit from the seller to the buyer. The buyer is responsible when shipped FOB origin and the seller is responsible when shipped FOB delivery point.
Hourly economic dispatch	A forward-looking process by which the system personnel responsible for selecting the source(s) of energy to be used by the company to meet its loads in the next hour are free to, and do in fact, decide which available energy resources will be used and in what amount solely on the basis of the relative projected energy costs of those resources for that hour with the goal of minimizing total production cost for that hour.
Independent Power Producer (IPP)	A generator who provides either capacity or wholesale power to utilities. IPPs operate in the franchised territories of host utilities and do not possess transmission facilities or sell electricity on the retail market.
Price renegotiation	The price is renegotiated at predetermined intervals, usually one year. This type of contract, frequently known as an "Evergreen Contract," may also contain provisions for price adjustments between renegotiations.
Price tied to market	Price tied to the price of coal being sold in a particular market. Product and market area are defined in the contract. Contract may contain a "Most Favored Nations" clause, i.e., supplier will not sell to any utility at a price lower than your utility is paying.
Qualifying Facility (QF)	A QF is a generating facility which meets the requirements for QF status under the Public Utility Regulatory Policies Act of 1978 and 18 CFR Part 292 of the Commission's regulations, and which has either self-certified with the Commission or has obtained FERC certification of QF status. There are two types of QFs: cogeneration facilities and small power production facilities.
Rate schedule	The rates, charges, and provisions under which service is supplied to customers.
Receipt point	Where the Utility or Utility's contracted agent takes possession of the fuel.
System reserve capacity criteria	Planning criteria used to determine when a reliability purchase is made.
Reliability purchase	An energy purchase made when a utility does not have sufficient generating capability to meet its own load plus its planning reserve requirement.
Renewable Energy Credit (REC)	A tax credit offered by some states as an incentive for the installation and operation of renewable energy systems such as solar or wind power.
Reporting year	The time period to which the data provided in the FERC-580 applies.
Service schedule	A document describing the kinds of services to be furnished to the identified parties at the rates specified.
Shortfall	Contracted less delivered amount.
Total avoided variable cost	All identified and documented variable costs that would have been incurred by the buyer had a particular purchase not been made.
Utility name	The exact legal name of the Utility