

Supporting Statement for
**FERC Form 580, Interrogatory on Fuel and Energy Purchase Practices Pursuant to
Section 205 of the Federal Power Act**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve **FERC Form 580, Interrogatory on Fuel and Energy Purchase Practices Pursuant to Section 205 of the Federal Power Act** (OMB Control No. 1902-0137), for a three-year period. FERC Form 580 is an existing data collection with reporting requirement in 18 Code of Federal Regulations (CFR) Section 35.14.

**1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION
NECESSARY**

When Congress passed the Public Utility Regulatory Policies Act of 1978 (PURPA), it amended Federal Power Act (FPA) Section 205 to mandate: “not less frequently than every 2 years ... the Commission shall review, with respect to each public utility, practices under any automatic adjustment clauses of such utility to insure efficient use of resources (including economical purchase and use of fuel and electric energy) under such clauses”. This mandate was the impetus for the Commission’s first investigation of automatic adjustment clauses (AACs) and ordering subsequent investigations of automatic adjustment clause practices in Docket No. IN79-6. In Order 623, the Commission stated:

“Pursuant to this requirement, the Commission intends to institute such a review of practices under automatic adjustment clauses employed by each public utility. This initial review will be conducted in addition to the ongoing field audits of the Commission, which will continue to examine all aspects of utility operations, including fuel programs, purchasing practices, management systems and other matters. The review will utilize the results of audits and other data filed with the Commission, in addition to the materials developed specifically by the review.”

The requirements established in the investigation were not set out in the Code of Federal Regulations (CFR).

The first Commission interrogatory issued in 1979 and subsequent interrogatories issued every two years thereafter. The 2016 interrogatory will be the Commission’s 19th investigation. As the review is congressionally mandated, Commission investigations of automatic adjustment clauses will continue until Congress abolishes the requirement.

**2. HOW, BY WHOM AND FOR WHAT PURPOSE IS THE INFORMATION USED
AND THE CONSEQUENCES OF NOT COLLECTING THE INFORMATION**

The FERC Form 580 interrogatory is conducted every two years. Through it, the Commission collects information from public utilities subject to its jurisdiction that own or operate power plants that generate a minimum of 50MW. Presently there are approximately 82 public utilities subject to this requirement.

The Commission uses the information collected through the FERC Form 580 interrogatory to review utility purchase and cost recovery practices through AACs in order to ensure efficient use of resources¹. The Commission uses the information to evaluate costs in individual rate filings and to supplement periodic utility audits. The public also uses the information in this manner. Without the FERC Form 580 interrogatory, the Commission would not have the requisite information available to conduct the necessary review the FPA mandates.

3. DESCRIBE ANY CONSIDERATION OF THE USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN AND THE TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN

There is an ongoing effort to determine the potential and value of improved information technology to reduce the burden. Specifically, in order to increase the efficiency with which it carries out its program responsibilities, the Commission has been implementing measures to use information technology to reduce the amount of paperwork required in its proceedings. In Order No. 619², FERC established an electronic filing initiative to meet the goals of the Government Paperwork Elimination Act, which directed agencies to provide for optimal use and acceptance of electronic documents and signatures and electronic recordkeeping, where practical, by October 2003.

The Commission collects Form 580 information in an electronic form fillable Adobe Acrobat PDF (Portable Document Format). The Commission developed and implemented this form four years ago³.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2.

The Commission published a notice within the Federal Register to help identify any duplication of the information in the Form 580. The Commission received no comments regarding this issue.

The Commission uses the information collected in the Form 580 together with information from the Energy Information Administration (EIA) to compile a complete data set necessary for adjustment clause analysis. The information from EIA supplements the Form 580 data and analyses, but it is not duplicative. Specifically, the fuel contract data the Commission collects in the Form 580 has significantly greater granularity and the Commission does not collect their transportation data. There is no other known source of the FERC Form 580 information.

1 In compliance with Commission regulations in 18 CFR 35.14

2 "Electronic Filing of Documents," Order No. 619, 65 FR 57088 (Sept. 21, 2000), FERC Stats. & Regs. ¶ 31,107 (2000).

3 In 2014, the Commission made some adjustments to the form to support information entry and analysis as a result of comments from utilities during the last information collection request (ICR No. 201407-1902-001). Only administrative changes are made to the form in this request.

5. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

This investigation does not collect information from small entities.

6. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

The Commission collects Form 580 information every other year as required under Section 205(f)(2) of the FPA as amended by Section 208 of PURPA. If the collection were conducted less frequently, the Commission would not be able to carry out the reviews required by this statute.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION

The information collection meets all 5 CFR 1320.5(d)(2) requirements.

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND THE AGENCY'S RESPONSE TO THESE COMMENTS

In accordance with OMB requirements, the Commission published a 60-day notice⁴ and a 30-day notice⁵ to the public regarding this information collection on 6/13/2016 and 9/8/2016, respectively. Within the public notice, the Commission noted that it would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. The notices detailed some administrative updates (described below) which are being made. The Commission received no comments.

The following updates must be made to keep the FERC Form 580 accurate and up-to-date:

Question 2a

-Revise Question 2a columns as follows:

From	To
Docket number under which rate schedule containing AAC through which costs were passed during 2012 and/or 2013 was accepted for filing by FERC	Docket number under which rate schedule containing AAC through which costs were passed during 2014 and/or 2015 was accepted for filing by FERC
Was rate schedule superseded or abandoned during 2012-2013? If so, provide	Was rate schedule superseded or abandoned during 2014-2015? If so, provide

481 FR 38169
581 FR 62112

Dates	dates
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Question 2b

-Revise the paragraph under Question 2b to read:

From	To
<p>If any of the Utility’s wholesale rate and/or service agreements containing an AAC listed in Question 2a, that was used during 2012 and/or 2013, 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.</p>	<p>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.</p>

Question 3

-Revise the paragraph under Question 3 to read:

From	To
<p>If during the 2012-2013 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 2012 and 2013. Do not report purchased power where none of the costs were recovered through an FAC. For each purchase where costs were flowed through an FAC, fill-in the non-shaded columns and either “Only energy charges” or “The total cost</p>	<p>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. For each purchase where costs were flowed through an FAC, fill-in the non-shaded columns and either “Only energy charges” or “The total cost</p>

of the purchase of economic power” columns, whichever apply.	of the purchase of economic power” columns, whichever apply.
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Question 4a

-Revise Question 4a columns as follows:

From	To
If emission allowance costs were incurred by the Utility in 2012 and/or 2013 and were recovered through a FAC, provide the following information.	If emission allowance costs were incurred by the Utility in 2014 and/or 2015 and were recovered through a FAC, provide the following information.
Dollar value of emission allowance cost passed through a FAC: 2012 2013	Dollar value of emission allowance cost passed through a FAC: 2014 2015

Question 5

-Revise the paragraph under Question 5 as follows:

From	To
Provide the information requested below regarding the Utility's fuel procurement policies and practices in place during 2012 and/or 2013 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.	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.

Question 6

-Revise the paragraph under Question 6 as follows:

From	To
For each fuel supply contract, of longer than one year in duration, in force at any time during 2012 and/or 2013, where costs were subject to 18 CFR 35.14, (including informal agreements with	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

<p>associated companies), provide the requested information. Report the information 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.</p>	<p>associated companies), provide the requested information. Report the information 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.</p>
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Question 7

-Revise the paragraph under Question 6 as follows:

From	To
<p>For each fuel supply contract, including informal agreements with associated or affiliated companies in force at any time during 2012 or 2013 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 2012 or 2013 and that are not under dispute i.e. parties agree there was indeed a shortfall.</p>	<p>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.</p>

Question 8

-Revise the paragraph under Question 8 as follows:

From	To
<p>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 2012 or 2013 WHERE CONTRACT BUY-OUT AND/OR BUY-DOWN COSTS WERE PASSED</p>	<p>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</p>

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 2012 or 2013 and that are not under dispute i.e. parties agree there was indeed a shortfall.	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.
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9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents of this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission does not consider the information collected in Form 580 filings to be confidential. However, the filer may request non-public treatment of privileged information for Question 5, so the Commission provides a separate file for the Privileged filing (at the filer’s discretion) of Question 5 on www.ferc.gov, on in www.reginfo.gov, and ROCIS.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE

There are no questions of a sensitive nature associated with the reporting requirements.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

FERC Form 580 (Interrogatory on Fuel and Energy Purchase Practices)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response ⁶ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Annual Cost per Respondent (\$) (5)÷(1)
Respondents with FACs	37	0.5	18.5	103 hrs; \$7,673.50	1,905.5 hrs; \$141,959.75	\$3,836.75

⁶ The estimates for cost per response are derived using the 2016 FERC average salary plus benefits of \$154,647/year (or \$74.50/hour). Commission staff finds that the work done for this information collection is typically done by wage categories similar to those at FERC.

Respondents with AACs, but no FACs	10	0.5	5	20 hrs.; \$1,490	100 hrs.; \$7,450	\$745
Respondents with no AACs nor FACs	35	0.5	17.5	2 hrs.; \$149	35 hrs.; \$2,607.50	\$74.50
TOTAL			41		2,040.5 hrs.; \$152,017.25	

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor start-up costs. All costs are related to burden hours and are addressed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of Filings ⁷	0.5	\$77,323.50
PRA ⁸ Administrative Cost ⁹		\$5,481
FERC Total		\$82,804.50

The Commission bases its estimate of the “Analysis and Processing of Filings” cost to the Federal Government on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision-making, and review of any actual filings submitted in response to the information collection.

15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The burden hours per filing are unchanged. Revisions to the form described in this supporting statement will have no effect on respondent burden.

The following table shows the total burden of the collection of information. The format, labels, and definitions of the table follow the ROCIS submission system’s “Information Collection Request Summary of Burden” for the metadata.

⁷ Based upon 2016 FERC FTE average annual salary plus benefits (\$154,647).

⁸ Paperwork Reduction Act of 1995 (PRA).

⁹ The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act (PRA) for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection. This average annual cost includes requests for extensions, all associated rulemakings, and other changes to the collection.

FERC Form 580	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	41	41	0	0
Annual Time Burden (Hours)	2,041	2,041	0	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulating, statistical or tabulating analysis or publication plans for the collection of information. The data are used for regulatory purposes only.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are posted at <http://www.ferc.gov/docs-filing/info-collections.asp>.

Additionally, the expiration date appears in the upper right-hand portion of the first page of both the FERC Form 580 and its “Privileged Treatment” version¹⁰.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.

¹⁰ Both versions of the FERC Form 580 can be found at <http://www.ferc.gov/docs-filing/forms.asp#580>.