

Supporting Statement for
FERC Form 580, Interrogatory on Fuel and Energy Purchase Practices

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 (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. There are no substantive changes to the reporting requirements, however there are administrative changes (e.g., updates to the two-year period covered)¹. The information is collected every two years.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

When Congress passed the Public Utility Regulatory Policies Act of 1978 (PURPA), it amended the 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).

¹ Continuing on from the data collection that was requested for October 2020, the Commission will be issuing a request in 2022 for similar data that was authorized in the last renewal for FERC Form 580. The request will solicit the same information as the previous request, except that the years will be changed from 2018-2019 to 2020-2021. In this case, the updated year designations will appear in questions 2 through 8 of FERC Form 580, as well as in question 5 of the Privileged Addendum to the FERC Form 580.

The first Commission interrogatory issued in 1979 and subsequent interrogatories issued every two years thereafter. The 2022 interrogatory will be the Commission's 22nd 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 59 public utilities subject to this requirement. (The information below is included in the Desk Reference, all footnotes have been removed from this insert.) The information requested follows:

- Question 1: Utility Contact Information Enter the exact legal name of the utility for which you are reporting, as eRegistered with the Commission. Do not enter "dba" names. Enter contact information for an individual who would handle questions concerning fuel procurement and also contact information for an individual who would handle questions concerning energy purchases.
- Question 2a: Automatic Adjustment Clause Identification Identify the docket numbers of each FERC filing, and all related tariff volume numbers, and rate and service schedule designations that contain any type of wholesale automatic adjustment clause (with the exception of those that are transmission-related) through which any costs were passed during the reporting period. Enter the docket number of the most current filing of the tariff/rate schedule/service schedule containing the AAC. Identify whether it is a fuel adjustment clause or not. Enter the tariff volume number containing the AAC and rate schedule number that was most currently accepted by the Commission. Enter the first effective date of the tariff volume/rate schedule containing the AAC.
- • Question 2b: One-time Filing of Documents Older Than Twenty Years If any of the rate schedules and service agreements named in response to Question 2a were first filed with the Commission before January 1, 1990, upload an electronic copy of each with your Form 580 when you eFile. If the rate schedule or service agreement was first filed before 1990 but since then has been refiled in its entirety, do not attach a copy with your Form 580 filing. If the rate schedule or service agreement has been refiled in its entirety since 1990, but certain sheets have been amended since then, do not file the rate schedule or amended sheets with your Form 580 filing. It is necessary for filers to provide this information electronically, in a text-searchable format, in order that Commission staff may expediently analyze the filing in its entirety. Once this information is submitted electronically, it will not be necessary to submit it in

future Form 580 filings. Enter the file name and a brief description of each in the spaces provided. Select “Add Row” as many times as necessary to provide enough blank rows in which to enter all of the required information. If your utility has no fuel adjustment clauses (FACs), do not complete the remainder of the Form. Questions 1 and 2 are the only questions you are required to complete. If your utility has a FAC, you must complete the remainder of the Form.

- Question 3: Purchased Power Report all purchased power contracts and agreements from a PURPA qualifying facility (QF), or an Independent Power Producer (IPP) in place during the reporting period where costs were passed through an AAC. Provide the requested information by reporting year. For each purchase, answer EITHER the questions in the column titled: “only energy charges” OR the questions in the four columns titled: “the total cost of the purchase of the economic power, whichever applies to the purchase”. If the Utility did not purchase power and recover costs through an AAC, check the box provided and continue.
- Question 4. 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. 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.
- Question 4a: Emission Allowances If the Utility incurred emission allowance costs during the reporting year and recovered any part of such costs through an AAC, enter the total amount recovered by year and by origin (the “Origin of Emission Allowance Cost” is a dropdown field with the following options: “self generation”, “purchased economic power”, or “purchased – other than economic power”). Enter the docket numbers and dates of Commission acceptance of these recoveries. Question 4 asks for 2020 and 2021 costs that are recovered through an AAC. Your Utility’s clause may not directly recover costs as they are incurred, i.e., the charges assessed at various times in 2020 and 2021 were based on costs incurred during some other time frame (preceding 2020). For this question, provide costs incurred in 2020 and 2021 whether or not they were reflected in 2020 and 2021 clause revenues. Whether it is a charge or a credit, it is required to be reported. If the Utility did not purchase power and recover costs through an AAC, check the box provided and continue with Question 4b.
- Question 4b: Emission Allowance Recovery Through Other Than AACs If emission allowance costs were recovered other costs than through an AAC, choose “Yes” from the drop-down provided and explain how they were recovered: include rate schedule and service agreement notations. Be specific. If the Utility did not purchase power and recover costs through an AAC, check the box provided and continue with Question 4b.

- Question 5: The answers to this question will be allowed privileged treatment if requested in compliance with 18 CFR §388.112 and filed using the Question 5 Addendum. To file your response to Question 5 as privileged, use the separate form posted as a Q5 Addendum containing only Questions 1 and 5. Use eFile to submit it as privileged, along with your public version and your letter requesting privileged treatment in compliance with 18 CFR 388.112. In your public version of the Form 580, select “Yes” in the drop-down provided in response to: Are you filing the Q5 Privileged Addendum? Proceed to Question 6. If you choose to file the responses to Question 5 as public information, choose “No” from the drop-down and answer the Questions that follow. Answer the questions for coal. If the Utility does not have coal-fired generation, answer the questions for natural gas.
- Question 5a: Frequency of Fuel Procurement Policy and Practice Reviews Using the drop-down provided, report how often procurement processes are reviewed. Enter the completion date of the most recent review. Enter the name and title of the person who oversaw or conducted the most recent review during the reporting period. Multiple individuals carried out the review, report the individual at the highest management level. Provide a brief description of the review.
- Question 5b: Fuel Inventory Levels If the Utility has no fuel inventory policy, i.e., there is no set standard for minimum quantity on hand for plant fuels, choose “No” in the drop-down provided. Otherwise, choose “Yes” and indicate whether the policy states under what circumstance(s) fuel inventory is increased or decreased. Check the box provided if the Utility has no policy on fuel inventory levels. Respond to when the fuel inventory was last reviewed and who last approved it. Enter the name and title of the individual who made the working decisions to change inventory levels.
- Question 5c: Fuel Cost Market Investigations Does the Utility investigate fuel market prices in advance of fuel contract negotiations? Are investigations carried out on a regular basis; if so, at what interval or upon what circumstance is this accomplished?
- Question 5d: Environmental Constraints on Fuel Purchases What plant-related environmental situations impact the type and quality of fuel purchased? Which factors need to be taken into consideration when purchasing fuel.
- Question 5e: Fuel Contract – Fuel Quality Characteristics What fuel characteristics had required characteristic limits named within the fuel contracts active during the reporting period? Choose from the items shown. If the characteristic is not shown, enter it in the column labeled “Other”.
- Question 5f: Affiliate Fuel Purchases What percentage of the fuel purchased during the reporting period was purchased from an entity that was in any way affiliated (see the glossary in the form for a definition of “affiliated”) with the Utility? Check the appropriate boxes. Enter a fuel not listed in the space for “Other” and provide the percentage purchased from affiliated entities for each.
- Question 5g: Fuel Contract Bidding Process How are the potential fuel suppliers (bidders) qualified and ranked? Were fuel supplier credit ratings checked, and if so, how? If any aspect of the Utility’s fuel purchase policy practices differs for associated

companies, state the differences. Is the lowest bidder automatically selected? If not, state the criteria used for fuel contract selection and renegotiation.

- Question 5h: Fuel Procurement from Affiliates Specify fuel procurement procedures used for affiliated and non-affiliated fuel sources and suppliers.
- Questions 6a & 6b: Fuel Supply Contract Specifications and Delivery Characteristics
Note: Only enter fuel delivery information under contracts where costs were subject to an automatic adjustment clause under 18 CFR 35.14. For example, if a utility has an 18 CFR 35.14 clause for coal but not for oil, it should not report oil contracts and deliveries in response to Question 6. Questions 6a and 6b are connected electronically. This will ensure that all delivery information is properly associated with the correct contract identification. Each delivery row should be specific to a particular contract ID, reporting year and delivery plant. Report contracts in any order, e.g., report all 2018 contracts followed by all 2019 contracts. Choose one primary fuel origin and one purchase point type per delivery. If the fuel is delivered by pipeline, choose “pipeline” as the primary origin (note: “Pool” has been added to the dropdown). Choose a delivery plant for each delivery and enter the remaining information requested. Enter fuel quantities in whole numbers, i.e., do not enter decimals. If the fuel is delivered by pipeline and the quality specifications are “pipeline quality”, leave the quality and impurity cells blank. If impurity information does not exist, leave the space(s) blank. Enter Free On Board (FOB) plant cost. If FOB plant cost is not available, enter FOB origin cost. You are not required to enter both costs. We prefer that you do not include miscellaneous costs in your FOB plant costs. However, if miscellaneous costs are not easily discernable from the fuel and freight costs include them where applicable and state in a cover letter which miscellaneous costs are included. Continue adding rows and entering information until all deliveries are recorded.
- Question 6c: Affiliate Fuel and Fuel Transportation Contracts Provide the requested information concerning any affiliated entity that provides fuel and/or fuel transportation services, whether or not the Utility used that entity during the reporting period. If the Utility has, for example, an agreement with an IPP that is not affiliated with the Utility and the IPP is required to procure all of the fuel used to satisfy the daily calls for power, do not report the IPP data in response to this question.
- Question 7: Contracted Fuel Quantity Shortfalls Provide the requested information separately for each contract that experienced a shortfall that is not under dispute, i.e., parties agree there was indeed a shortfall. If the cause of the shortfall is not found in the Question 7a drop-down provided, choose “Other” and type the cause in the drop-down space.
- Question 8: Contract Buy-downs and Buy-outs Provide the requested information separately for each contract that was bought-out or bought-down during the reporting years and that it is not under dispute. If the type of change is not found in the Question 8a drop-down provided, choose “Other” and type the cause in the drop-down space provided.

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 resources². 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. 619³, 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 FERC Form 580 information in an electronic form fillable using Adobe Acrobat PDF (Portable Document Format). The Commission developed and implemented this form beginning with the calendar year data for 2008 and 2009 in the 2010 data collection. All documents must be filed via the Commission's eFiling system. The eFiling instructions are located on the Commission's eFiling webpage: <http://www.ferc.gov/docs-filing/efiling.asp>.

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 60-day PRA notice in the Federal Register to help identify any duplication of the information in the FERC Form 580. The Commission received no comments regarding this issue.

² In compliance with Commission regulations in 18 CFR 35.14 and the Federal Power Act

³ "Electronic Filing of Documents," Order No. 619, 65 FR 57088 (Sept. 21, 2000), FERC Stats. & Regs. ¶ 31,107 (2000).

The Commission uses the information collected in the FERC Form 580 together with market information from commercial sources to analyze respondents fuel costs. Specifically, the fuel contract data the Commission collects in the FERC 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.

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 FERC 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

There are no special circumstances related to this information collection.

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 notice (86 FR 52661, 9/22/2021) requesting public comment. In the 60-day notice, the Commission noted that it would be requesting a three-year extension with no change to the existing reporting requirements and described the administrative updates discussed here. The Commission received no comments on the 60-day notice.

The Commission also issued a 30-day notice on 11/26/2021⁴ that was published in the Federal Register (86 FR 68489, 12/2/2021) requesting public comment.

Administrative Updates to the FERC Form 580: Continuing on from the data collection that was requested from October 2020, the Commission will be issuing a request for a

⁴The Notice is posted in FERC's eLibrary at <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=69EF8913-64A5-C546-95E3-7D5D54E00000>.

second request for similar data that was authorized in the last renewal for FERC Form 580.⁵ The request will solicit the same information as the previous request, except that the years will be changed from 2018-2019 to 2020-2021. In this case, the updated year designations will appear in questions 2 through 8 of FERC Form 580, as well as in question 5 of the Privileged Addendum to the FERC Form 580.

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 FERC 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, and in www.reginfo.gov.

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

The Commission estimates the annual burden⁶ and cost⁷ for this biennial information collection as:

⁵ The current OMB approval (ICR 201908-1902-015) was issued on April 23, 2020 and expires January 31, 2023. While that approval includes the timeframe for the Commission's next required use of FERC-580 in 2022, we are submitting this request in order to update (administrative updates) FERC Form 580 for the data collection in 2022, and to request renewal of FERC-580 for another 3 years.

⁶ Burden is defined as the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to 5 CFR 1320.3.

⁷ The Commission staff estimates that industry is similarly situated in terms of hourly cost (for wages plus benefits). Based on the Commission's 2021 average cost (for wages plus benefits), \$87.00/hour is used.

FERC Form 580 (Interrogatory on Fuel and Energy Purchase Practices Pursuant to Section 205 of the Federal Power Act)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Annual Cost per Respondent (\$) (5)÷(1)
Respondents with FACs	24	0.5	12	103 hrs.; \$8,961.00	1,236.0 hrs.; \$107,532.00	\$4,480.50
Respondents with AACs, but no FACs	12	0.5	6	20 hrs.; \$1,740.00	120.0 hrs.; \$10,440.00	\$870.00
Respondents with no AACs and no FACs	23	0.5	11.5	2 hrs.; \$174.00	23.0 hrs.; \$2,001.00	\$87.00
TOTAL			29.5		1,379.0 hrs.; \$119,173.00	

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

The estimate of the cost for analysis and processing of filings is based 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.

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.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of Filings ⁸	0.5	\$90,351.50
PRA ⁹ Administrative Cost ¹⁰		\$8,279.00
FERC Total		\$98,630.50

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

The burden hours per filing and reporting requirements are unchanged. The administrative revisions (updating the period covered) to the form described in this supporting statement will have no effect on respondent burden. The number of respondents projected to file the biennial FERC Form 580 has been reduced (from 33 to 30 average per year [rounded]) based on the type of filers and associated filings and the number of actual respondents who submitted the FERC Form 580 in 2020). Fewer power sales agreements with wholesale fuel adjustment clauses are being signed as wholesale customers are meeting their power supply needs through market-based power purchases. The change in number of respondents is due to normal fluctuations in industry.

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

FERC Form 580	Total Request (rounded)	Previously Approved	Change due to Adjustment in Estimate (rounded)	Change Due to Agency Discretion
Annual Number of Responses (29.5 responses)	30	33	-3	0
Annual Time Burden (Hours)	1,379	1,612	-233	0

⁸ FERC’s 2021 average wages plus benefits for one FTE (full-time equivalent) is \$180,703 per year.

⁹ Paperwork Reduction Act of 1995 (PRA) .

¹⁰ Based upon FERC’s 2021 estimated average annual PRA Administrative Cost of \$8,279.

Annual Cost Burden (\$)	\$0	\$0	\$0	\$0
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16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no publications of the information.

17. DISPLAY OF EXPIRATION DATE

The OMB expiration dates are posted at www.ferc.gov.

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” version¹¹.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

A burden statement related to the OMB-approved form is included in the Desk Reference on www.ferc.gov at page 6 under “Comments and Reporting Burden.” It will be updated as needed to reflect the 2022 figures.

¹¹ Both versions of the FERC Form 580 can be found at www.ferc.gov.