

FEDERAL ENERGY REGULATORY COMMISSION

FERC Form No. 580

Interrogatory on Fuel and Energy Purchase Practices



2020

Frequently Asked Questions

1. Who must file the FERC-580?

The filing must be submitted by all FERC-jurisdictional utilities owning and/or operating at least one steam-electric generating station of 50 MW or greater capacity, or having a majority ownership interest in a jointly-owned steam-electric generating station of at least 50 MW. A jurisdictional utility without a cost-based tariff on file with the Commission is not required to file the form.

The information in the previous paragraph determines who must file. If based on this information, your utility is required to file it must report in this form the information requested for steam-electric generating stations regardless of percentage interest owned in them.

2. If a question is not applicable to our client should the question be left blank or should N/A be entered in the data field?

Either will be fine.

3. What is the proper docket number for the FERC Form 580 filing?

IN79-6-000.

4. Can we submit our FERC Form 580 information in zipped files?

Yes.

5. When the FERC Form 580 mentions the *Commission* it is my understanding that it is referring to the Federal Regulatory Energy Commission and not any state commissions. Therefore, only utilities with an AAC on file with the Commission (meaning FERC) are required to file the form. Is this a correct interpretation?

Yes. Commission refers to the Federal Energy Regulatory Commission and utilities required to file the FERC Form 580 are all FERC-jurisdictional utilities owning and/or operating at least one steam-electric generating station of 50 MW of greater capacity, or having a majority ownership interest in a jointly-owned steam-electric generating station of at least 50 MW or greater capacity and that had a cost-based tariff on file with the Commission during the reporting period.

6. What is an Automatic Adjustment Clause (AAC)?

An automatic adjustment clause is 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.

Many rate schedules contain provisions for adjustments to rates based on changes in one or more elements of the cost incurred to provide the service. A utility calculates adjustments using procedures that have had prior regulatory approval. Where such adjustments in charges are permitted to occur automatically, without specific regulatory review of each adjustment, the rate schedule provisions are referred to as automatic adjustment clauses.

Many of the wholesale electric rate schedules public utilities file with the Commission contain provisions for automatic adjustment of rates. Current Commission policy permits acceptance of these types of energy cost rates, as well as comprehensive cost-of-service formula rates. These types of rates adjust automatically. The effect of the clause may be reflected in rates charged by the utility without notification to or filing with the Commission.

These types of automatic adjustment clauses correspond to the definition of AAC in the Public Utility Regulatory Policies Act of 1978 (PURPA). What was not included in this definition were so-called periodic review-of-rate clauses, where the Commission has routinely required filing of changes in rates pursuant to implementation of a review-of-rate clause.

A rate that may be subject to an after-the-fact public true-up proceeding and/or later refund is a rate that is not subject to prior hearing; a rate that adjusts only subject to after-the-fact review, and not prior review, is a rate that can and should be legitimately considered an automatic adjustment clause.

7. How does a filer delete a row of data that is not the last row they added? In other words, for question 2a, if they entered fifty rows of data and discover that the fifth row has data in it that they don't want or need to report, how do they delete it?

It is not possible to delete the row, but you can remove the information in each cell and leave the row blank. The add and delete row buttons only work with the last row entered. To delete the information in a row, highlight and delete the information in each cell. Rows of blank cells, in between rows with data, will not create a problem in processing the data.

8. If a company has an AAC but the formula produces a negative number (it is actually a credit to customers rather than a charge), does the company still complete all of FERC Form 580 or is there an exception where only AAC **charges as opposed to **credits** elicit the reporting requirement?**

There is no filing exception here. The utility is required to complete the entire form, reporting the credits as negative numbers.

9. When is our FERC Form 580 filing due?

It is due October 30, 2020.

10. What do I file in the FERC Form 580?

Answer all of the questions in the interrogatory and eFile it with the required attachments. A cover letter is not required.

11. How should I name my electronic files?

Name your public interrogatory form as: UtilityName2020Form580.pdf
You may if you wish, abbreviate your utility name.

Name your privileged interrogatory as: PRIVUtilityName2020Form580.pdf

12. How do I file a revised FERC Form 580?

Filers who need to make a change to a filed response can do so by eFiling the form with the revised information. For example, if the respondent needs to change the response provided for Question 2 in their 2020 filing, the respondent would make the change to question 2 and name the revised file as follows:

UtilityName2020Form580**Q2revised**.pdf

The respondent should include a cover letter with the eFiled revision explaining the circumstances that required the revision.

13. Is the electronic form required in order to complete my 2020 FERC Form 580 filing?

Yes. The Office of Management and Budget approved this format for use by all filers.

14. May I ask the Commission to treat my responses to the FERC Form 580 as privileged?

FERC Form 580 question 5 responses will be treated as non-public documents by the Commission if the utility asks for privileged treatment. A cover letter, filed as a public document, must accompany the privileged FERC Form 580 question 5 addendum and contain justification for the privileged treatment sought in compliance with 18 CFR §388.112. The separate FERC Form 580 question 5 addendum must be used. In your public version of the FERC Form 580, select the *yes* in the drop-down provided in response to: *Are you filing the Q5 Privileged Addendum?*

15. How do I eFile my FERC Form 580?

- Start at the Commission's home page: www.ferc.gov.
- On the right-hand side find Quick Link
- Select *eFiling* from the list and click on it.
 - » If you have not previously eRegistered, select the *eRegister* link and provide the requested information in order to create an account, otherwise, enter your registered email address and password.
- Select *efiling*.
- Select *Log In*.

Filing Type

Select *Electric* in the first column. Select *Report / Form for existing docket number* (Report / Form should show in the third column).

» Select *Next*.

» Select *Docket* - Enter docket number IN79-6 and select *Search*. The docket number will show in a new table. The plus sign in the *Select* column and a selected docket's row will drop down.

NOTE: if at any time you want to go back to a previous screen, select the back button provided on the eFiling screen, not the back button in the browser.

» Select *Next*.

File Upload

Select the *Public* tab, then select *Browse* and designate a public file to upload. Enter a description in the space below the file name. Select *Upload*. Continue doing this until all your public files appear in the file upload table. Select the *Privileged* tab, then select *Browse* to upload your privileged file, enter a file description and select *Upload*. The eFiling system allows you to attach up to 200 files.

There must be at least one public file for each privileged submission. This can be your cover letter describing the filing and asking for privileged treatment.

Note: Use *PRIV* as the first four characters of the file name for a privileged file to avoid uploading a file with the wrong security level.

There is a feature at the bottom of the file upload table to change the security designation if the file wasn't uploaded as privileged and should have been.

When FERC accepts a filing with multiple security classes, the system puts the files under different accession numbers and links them as document components in eLibrary so eFile the privileged and public files during the same

session and they will be linked in eLibrary.

» Select *Next* at the bottom of the screen.

Specify Filing Parties

Select either *On behalf of another Party(ies)* and enter the company name below or *As an Individual*, whichever applies.

» Select *Next*.

Specify the person to whom communication should be addressed

Enter your email address in the contact email block and select *Add as Signer* or *Add as Other Contact*. Note: a signer email address must be included as every filing must have a designated signer.

Submission Description

Enter *Form 580 of [your utility name]*.

Summary

Review the information shown. Ensure the file labeled privileged has the correct security level chosen. If any of the information is incorrect, select the *Back* button and correct your information as necessary. Select *Submit*.

A new screen will appear that states: *You have successfully submitted the filing and will receive an email confirmation shortly*. Select the *Printable submission confirmation receipt* button and a receipt will appear that states the date, time and submission ID for your filing. You should also receive a confirmation of receipt by email with the same information, a link to additional information for your filing and the status of your filing. When the Commission accepts your filing, that status will change to accepted.

16. How can I get a copy of FERC Form 580s my utility previously filed?

You can use e-Library to view these documents as well as to download them to your computer. Access eLibrary from this

link: <https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>,

- » Select on *General Search*.
- » Enter a date range for the filing.
- » Under the *Class/Type* dropdown, select *Form 580*.
- » Enter all or part of your utility's name in the *Text Search Box* and
- » Select *Search*.

A list of your filings will provide links to your documents submitted.

17. In completing our FERC Form 580 filing due this year, for jointly-owned generating stations for which our company is the operator, should we report 100% of the expenses and other information (including the other joint owners' expenses and statistics) or just the expenses and statistics relating to our company's ownership percentage?

Enter your information for the entire generating station, regardless of your ownership percentage.

18. I am receiving many error messages when entering information into the form. The form will not allow adding reporting year in question 6a. The form is not saving the contract names I entered. What is wrong?

Left-click with your mouse on your START menu and open Adobe Reader. As it opens, note the version number. The version should be 9.0 or higher. Currently, Adobe is offering Reader version 12 as a free download from their website: <https://get.adobe.com/reader/>. In addition, do not use Adobe Pro because it is not compatible with the form's programming.

19. What does CFR mean?

CFR is an acronym for Code of Federal Regulations. 18 CFR 35.14 contains the Commission's fuel adjustment clause regulations. You can look them up online at <https://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>

20. I still have questions. Who do I ask?

Email your questions to: FERC-580@ferc.gov and we will promptly answer them.

QUESTION 2

21. If we do not have any rate schedules with a wholesale automatic adjustment clause do we leave question 2 blank?

Yes, in this case, leave question 2 blank.

22. In some cases our agreements go back to 1967 or before and do not have FERC docket numbers but Federal Power Commission (FPC) numbers. In addition, the documents predate eLibrary. In these cases should we report the FPC numbers in question 2?

Either the FPC or FERC docket numbers are fine. However, the FPC docket number is preferred in these cases. We also prefer to have the docket number of the very first rate schedule filing.

23. If a rate schedule with an AAC was first filed before 1990, but since then has been refiled in its entirety, do we need to attach a copy of it for question 2?

No, in this case you do not need to attach a copy of the rate schedule. If the rate schedule has been re-filed in its entirety since 1990, but certain sheets have been amended since then, you still do not have to file the rate schedule or amended sheets with your FERC Form 580.

QUESTION 3

24. Our company has IPP contracts with power plants owned by other companies. We do not supply the fuel via a long-term contract. Each power plant is supplied by short term gas supply (spot and day-ahead markets). Do we need to report on those IPP contracts in FERC Form 580 questions 6a & 6b?

Did you recover any costs for the gas through a fuel adjustment clause? If not, then you don't need to report on them. The short term fuel purchases for IPPs owned by others are not what we are looking for in question 6 so do not enter them there. The information requested in question 3 is more appropriate for these scenarios – please do fill out question 3 for these IPPs.

25. Can you confirm that for question 3, the utility completing FERC Form 580 should only include QF and IPP contract information?

Only information regarding QF and IPP contracts should be reported in question 3. See the comment that appears when hovering with your mouse over the cell below the Year column header.

26. Why can I not enter information for only energy charges AND all purchased power costs for any one particular purchase?

For each purchase you should fill out either the *only energy charges* OR *all purchased power* costs because for any one purchase both cannot be the case. Either you are recovering only the energy charges or you are recovering all purchased power costs through your AAC.

27. Where can I find a list of our utility's QF and IPP purchases?

The IPP and QF purchases are utility specific and your staff would have record of those sales.

28. Is the Commission looking for information detailing all of our customer owned generation contracts from which we purchase energy that is injected into our distribution system?

No, we are requesting only PURPA qualifying facility (QF), and independent power producer (IPP) purchases, as in years past.

Note: FERC is asking for information regarding QF and IPP purchases only. Hover with your cursor over the cell below the column labeled *Year* to see the message supporting this. The desk reference also states this.

29. Are the questions in the columns under *All purchased power costs* only relevant to fuel adjustment clauses (FACs)?

Yes, if none of a company's AACs that permitted the pass-through of purchased power costs were FACs, in most cases, how they answered the questions would not be significant. However, if you answered *no* to certain questions **AND** have a FAC, you may be violating the Commission's FAC standards.

30. What is meant by *system reserve capacity requirement*?

The system reserve capacity requirement is the point at which the utility needs to immediately purchase power due to an unanticipated shortage of their own. Note: this term was inadvertently left out of the glossary.

31. What is a *system operator*?

A system operator directs the safe and reliable operation of the electric utility's distribution and transmission systems while operating under the policies and procedures set forth by that utility.

32. What is meant by the question: *Did the AAC used for cost recovery, include the system reserve capacity criteria by which the system operator decides whether a reliability purchase is required?*

The Commission is determining whether the filing utility had listed and appropriately described their system reserve capacity criteria in their AAC.

33. Where can I find an example of system reserve capacity criteria in a tariff?

Examples of system reserve capacity criteria by which the system operator decides whether a reliability purchase is required can be found in the Commission's eLibrary system. Start with General Search, enter a date range, select Electric and key in *system reserve capacity criteria* in the text search box. (Also see: *Treatment of Purchased Power in the Fuel Cost Adjustment Clause for Electric Utilities*, 25 FERC ¶ 61,378, Docket No. RM83-62-000, Order No. 352, December 7, 1983).

34. If purchased power was wind generated, what do you mean by: was the avoided cost comparison done on a **contract-by-contract** basis?

In *Golden Spread* (2008), the Commission noted that "Aggregating wind purchases for economic test purposes is not allowed. The regulation refers in the singular to "any purchase" and "the purchase." This regulation thus requires a purchase-by-purchase analysis, as opposed to an aggregate analysis." (See, *Golden Spread Electric Cooperative, Inc., Lyntegar Electric Cooperative, Inc., Farmers' Electric Cooperative, Inc., Lea County Electric Cooperative, Inc., Central Valley Electric Cooperative, Inc., Roosevelt County Electric Cooperative, Inc. v. Southwestern Public Service Company*; Opinion No. 501; 123 FERC ¶ 61,047, April 21, 2008)

35. Can you provide guidance as to how often the utility needs to compare costs to determine if total purchased power costs were less than the total avoided variable costs?

The Commission has stated that..."the utility must conduct an after-the-fact comparison of actual avoided costs against the purchase costs to flow energy related costs through the fuel cost adjustment clause". (*Golden Spread Electric Cooperative, Inc., Lyntegar*

Electric Cooperative, Inc., Farmers' Electric Cooperative, Inc., Lea County Electric Cooperative, Inc., Central Valley Electric Cooperative, Inc., Roosevelt County Electric Cooperative, Inc. v. Southwestern Public Service Company; Opinion No. 501; 123 FERC ¶ 61,047, April 21, 2008). Similarly in Order No. 352 the Commission said, "regulations allowed the recovery of the energy-related costs of a purchase, even if not economic in every hour in which the energy is purchased, so long as over the duration of the transaction, the sum of the energy purchase costs are not more than the total cost of alternative energy avoided by the purchase. "After the fact" comparisons of energy purchase costs to avoided costs must be necessarily made to ascertain whether the aggregate cost of energy purchased over the duration of the transaction are less than the costs the transaction allowed the utility to avoid." (See: *Treatment of Purchased Power in the Fuel Cost Adjustment Clause for Electric Utilities, 25 FERC ¶ 61,378, Docket No. RM83-62-000, Order No. 352, December 7, 1983*).

36. Do we report net metering arrangements at the retail level e.g. small photovoltaic systems on homeowner's roofs?

No.

QUESTION 4

37. Question 4a does not appear to have a drop-down to select *yes* or *no* and I am unable to type the word *no* after the question. How should this be handled?

If your answer to question 4a is *no*, then do nothing, proceed to question 4b.

38. In question 4b, are you looking for only specific mechanisms for emission allowance cost recovery, or do you want to know if those costs are being recovered via billing of customers?

We are looking for a specific mechanism for emission allowance cost recovery.

39. What does *origin of emission allowance cost* mean? What are you looking for in response?

Use the dropdown menu to choose from either: self generation, purchased economic power, or purchased – other than economic power.

40. Question 4 asks for 2018 and 2019 costs that are recovered through an AAC. My utility's clause recoveries are not assessed as they are incurred. How do I determine which costs to report?

Your utility's clause may not directly recover costs as they are incurred, i.e. the charges assessed at various times in 2018 and 2019 were based on costs incurred during some other time frame (preceding 2018). For this question, provide costs incurred in 2018 and 2019 whether or not they were reflected in 2018 and 2019 clause revenues.

41. What is the definition of emission allowance?

An emission allowance is an authorization by a permitting authority or the Environmental Protection Agency Administrator to emit a specified amount of pollutant during a specified period of time.

This definition is based on Environmental Protection Agency regulations for specific air pollutants found in: 40 CFR 72.2, 96.102, 97.102, 96.202, 97.202, 96.302 and 97.302.

QUESTION 5

42. Our utility procures both coal and natural gas for generation. Is the Commission looking for responses regarding both coal and natural gas procurement?

We prefer you answer question 5 for coal. If your utility does not use coal, then answer for natural gas. Only one set of answers is required for question 5.

43. How do we answer question 5 in a privileged format?

FERC Form 580 question 5 responses will be treated as non-public documents by the Commission if requested properly by the utility. A cover letter that is filed as a public document must accompany the privileged FERC Form 580 question 5 addendum and contain justification for the privileged treatment sought in compliance with 18 CFR §388.112. The separate FERC Form 580 question 5 addendum must be used. In your public version of the FERC Form 580, select Yes in the drop-down provided in response to: *Are you filing the Question 5 Privileged Addendum?*

44. Are we required to submit a copy of our fuel procurement policies and practices?

You are not required to submit your fuel procurement policies or practices.

QUESTION 6

45. If we do not specify impurity content in our contracts in question 6a, do we have to specify quality, including impurity content in our deliveries in question 6b?

Yes

46. Our utility has separate contracts for natural gas as a commodity and contracts with for natural gas transportation (pipelines). Question 6 provides dropdowns for gas supply contracts and gas transportation contracts. Which dropdowns do we use for each scenario?

Use the gas supply contracts dropdowns for the gas as a commodity and use the gas transportation dropdowns for pipeline transportation (pipeline) contracts.

47. Will you accept the FERC Form 580 with all 2018 contracts listed followed by all 2019 contracts listed?

Yes.

48. What is the difference between fuel quantity in question 6a and fuel quantity in question 6b?

Fuel quantity in question 6a refers to the contracted amount and fuel quantity in question 6b refers to the actual amount of fuel delivered to each plant under the contract.

49. Is the intent that question 6 is limited to filers with fuel adjustment clauses or is it that question 6 is limited to filers with a fuel-related AAC?

Question 6 is limited to those contracts that have fuel adjustment clauses and only to the fuel itself that is the subject of the fuel adjustment clause.

50. We buy coal at the mines (FOB - Origin). My assumption is that we should report only the coal's fuel price - and NOT the transportation cost component in question 6, correct?

Correct.

51. We have a few contracts in which impurity content is not specified. How should we indicate this in the form? Would inserting an N/A be acceptable?

Just leave the impurity content space blank and explain the situation in a cover letter accompanying your filing.

52. Are there any circumstances under which we should be completing question 6 for no. 2 fuel oil?

No.

53. If we have NAESB supply contracts that are evergreen, do we list each contract, by supplier, by plant and by pool?

List each by Contract, Reporting year, and Destination plant.

54. Several years ago, we were allowed to file some of the price data that I believe was then in question 3, confidentially. Is that option still available?

That option is not available. The Office of Management and Budget cleared the data in this year's collection for public use.

55. If we leave blank rows (created by a deleted contract) will that cause a problem?

No, it will not cause a problem. The blank row/s will be removed during our data extraction process.

56. Is it acceptable to attach an Excel spreadsheet that provides the necessary information in lieu of typing it into the form?

No, if Excel spreadsheets are submitted, your filing will be rejected.

57. Our utility has separate contracts for natural gas as a commodity and contracts with pipelines for the transportation of gas. Question 6 asks about fuel supply contracts, yet in the contract type section there are pull downs for both the gas supply and for gas transportation. We are confused about how to respond to this question and what is meant by gas transportation if it is not the pipeline contracts. Do we need to respond to this question for natural gas transportation contracts?

The gas transportation dropdown has the same intent as in past years in that it is used in tandem with the gas supply dropdown. Use the gas supply contracts dropdown for gas as a commodity and use the gas transportation dropdown for pipeline transportation contracts.

58. I am attempting to enter data for one contract with two years of delivery data. I cannot see any way to identify the delivery year in question

6b *Delivered characteristics* so I am creating a separate contract for each delivery year, even though there is only one actual contract. That way, I have the 2018 contract and the delivered characteristics for 2018, and the 2019 contract with its characteristics for 2019. Is this the correct method, or should I be doing something else?

You should be doing something else. Questions 6a and 6b are connected electronically so you do not have to enter a year in question 6b. Enter the first year of contract information in question 6a then enter its delivery information. Go back to question 6a, enter the contract information for the second year of the contract then enter its delivery information in question 6b.

For any given contract, for each of the two reporting years, fuel deliveries must be entered by destination plant. For example, for Contract A, in reporting year 2018, fuel delivery information in 6b must be entered for plants a, b c, etc.

Information is requested by:

- (a)Contract
- (1)Reporting year
- (i)Destination plant

59. We did not test the quality characteristics of the oil or gas we received via pipeline at the plant so we do not know what to enter in the quality characteristic cells in question 6.

If the fuel is delivered by *pipeline*, choose *pipeline* as the type of purchase point. Choose a delivery plant for each delivery and enter the remaining information requested. If the fuel is delivered by pipeline and the quality specifications are *pipeline quality*, leave the quality and impurity cells blank. If you do not know the *Primary State / Country of Origin*, leave it blank.

60. Question 6b refers to consumed fuel. Do we enter information for delivered or consumed fuel?

Enter information in question 6b for delivered fuel.

61. Do I need to report contracts in question 6 for fuels where my utility has no fuel adjustment clause?

No. For example, if a utility has no fuel adjustment clauses for oil contracts, the utility does not need to provide any oil contract information for this question.

62. Is the destination plant dropdown **to the right** of the words *destination plant* and the type of purchase point dropdown **below** the text *Type of Purchase Point*?

Yes

63. Where do I enter the contract name in question 6c?

Question 6c does not require contract names.

64. Should we exclude information from the answer to question 6 when purchases are made through the RTOs/ISOs, and the seller is unknown?

Yes, and customer-owned generator purchases as well are to be excluded. For example, do not include net metering individuals with solar panels on their roofs.

With regard to cost-based AACs for sales or energy at system incremental cost, FERC is interested in knowing about long-term purchases whose costs are specifically mentioned or included in an AAC. FERC does not want to know what purchases set system incremental costs.

65. What costs do you want included in the delivered cost? For coal, do you want only the coal and transportation costs or do you also want miscellaneous costs included such as depreciation, maintenance, leases, taxes, etc.?

We want only the fuel plus transportation costs. We do not want miscellaneous costs such as depreciation, maintenance, leases, taxes etc.

66. In the FERC Form 580 Desk Reference for 6a, it states you can *add* a blank row for subsequent years. I do not see any *Add Row* button, only an *Add Contract* button.

You cannot add a row, only a contract. You will have to add a contract and the new year with (probably) all the same contract information you just finished entering for the previous year of the contract.

67. We need to report in question 6 for petroleum coke (PetCoke) but do not see a space in which to state PetCoke? Where should we put this information?

Does the utility have a fuel adjustment clause that includes PetCoke? If not, you don't need to report it in question 6. If it does, it would fit in the contract ID column. Name your contracts e.g. Petcoke1, Petcoke2.

68. How do we report fuel specification and/or characteristics under a contract or delivery if they vary during the reporting period i.e. as a result of a contract amendment?

Enter the maximum specification / characteristic values.

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