

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Commission Information Collection )  
Activities (FERC Form 580) )  

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Docket No. IC13-13-000

**COMMENTS OF  
PACIFIC GAS AND ELECTRIC COMPANY**

Pursuant to the notice of information collection and request for comments (“NOIC”) issued on May 2, 2013 and published in the Federal Register on May 8, 2013, Pacific Gas and Electric Company (“PG&E”) offers the following comments on Federal Energy Regulatory Commission (“Commission” or “FERC”) Form No. 580, the “Interrogatory on Fuel and Energy Purchase Practices.”

**I. EXECUTIVE SUMMARY**

The purpose of FERC Form No. 580 is to enable the FERC to determine whether automatic adjustment clauses (“AACs”) in wholesale rate schedules used by public utilities provide incentives for efficient use of resources and whether the clauses reflect only those costs that are either “subject to periodic fluctuations” or “not susceptible to precise determinations” in rate cases prior to the time the costs are incurred.

In this NOIC, FERC requests comments on proposed modifications to specific questions included in FERC Form No. 580. The modifications include correction of email fields to eliminate error messages, correction of typographical errors in column names, and other minor modifications. In addition to comments on question modifications, FERC also requests comments on: (1) whether the collection of information is necessary for the proper performance

of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of FERC's estimate of the burden and cost of the collection of information; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the burden of the collection of information on respondents.

PG&E addresses all four issues. PG&E recommends that FERC minimize the burden of the collection of information on respondents by exempting public utilities that recover an immaterial amount of revenue from AACs from FERC Form No. 580 reporting requirements because there is no justification for the burden of collecting information that will have no practical utility. Additionally, PG&E seeks clarification on the three-year approval "Type of Request" listed on p. 2 of the NOIC.

## **II. PG&E'S INTEREST**

PG&E is required to respond to FERC Form No. 580 because PG&E currently collects certain fuel and other costs through a fuel adjustment clause ("FAC").

## **III. COMMUNICATIONS**

All communications with PG&E regarding this matter should be addressed to:

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PG&E requests that any overnight deliveries be made to:

Evelyn C. Lee  
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PG&E further requests that an additional copy of any correspondence and orders be sent to:

Pacific Gas and Electric Company Regulatory File Room  
77 Beale Street, B30A  
San Francisco, CA 94105  
Email: [LawFercCases@pge.com](mailto:LawFercCases@pge.com)

#### **IV. COMMENTS**

##### **A. The Burden of Collection is Not Justified if the Information Lacks any Practical Utility.**

The Commission has specifically asked FERC Form No. 580 respondents to comment upon the Commission's estimate of the burden required to prepare FERC Form No. 580 and ways to minimize this filing burden. PG&E believes that the Commission's burden estimate of 103 hours per FAC respondent represents a good estimate of the amount of time required to complete the response.

However, the reasonableness of expending 103 hours to respond to FERC Form No. 580 depends on the value of the information submitted. The Commission should establish a threshold for determining whether the information will have practical utility. If the information lacks any practical utility, FERC should deem it to be immaterial and relieve the public utility of the obligation to complete FERC Form No. 580.

In PG&E's case, the information collected under FERC Form No. 580 will have no practical utility. PG&E currently has one wholesale customer that occasionally purchases power under a supplemental power rate subject to a FAC. PG&E's 2010 FAC revenues related to this customer amounted to \$24,002 while PG&E's total 2010 billed electric revenues were \$11,942,948,859.<sup>1</sup> PG&E's 2011 FAC revenues were \$105,726 while PG&E's total 2011 billed

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<sup>1</sup> FERC Form 1 for the Year Ended December 31, 2010 at 311 and 304.3.

electric revenues were \$11,751,413,227.<sup>2</sup> During those two years, PG&E collected an average of approximately 0.0005 percent of its total billed electric revenues through a FAC.<sup>3</sup> The FAC revenues reported in PG&E's most recent FERC Form No. 580 were so insignificant compared to PG&E's total billed revenues that the report could not reasonably be found to either (i) demonstrate whether the FAC encouraged the efficient use of resources or (ii) provide insight into whether the FAC reflects only those costs that are either subject to periodic fluctuations or not susceptible to precise determination.<sup>4</sup>

Accordingly, PG&E proposes that the Commission implement a materiality threshold for respondents required to complete FERC Form No. 580. Respondents with FAC billings that are less than the established materiality threshold would be exempt from completing the interrogatory. PG&E proposes that an appropriate threshold might be whether AAC revenues exceed a certain percentage, such as one percent to five percent, of total electric revenues.

Alternatively, Question 3 could be modified to require utility respondents below a certain revenue percentage to report only amounts "recovered" from a fuel adjustment clause rather than listing all contracts where a portion of the contract may have been collected through the FAC. Currently, respondents are required to report each purchase of either fuel or capacity under which all or any portion of the purchase costs were passed through an AAC in a two-step fashion. The first step requires the total cost for the contract to be reported; the second field requests the respondent to report the "annual amount recovered through the AAC." The second

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<sup>2</sup> FERC Form 1 for the Year Ended December 31, 2011 at 311 and 304.3.

<sup>3</sup> PG&E's last FERC Form No. 580 was submitted on November 16, 2012 and covered reporting years 2010 and 2011. In 2012 and year to date 2013, there have been no FAC revenues collected from this customer.

<sup>4</sup> In response to Question 3, PG&E lists thermal qualifying facility contracts and conventional bilateral contracts, both of which have a variable rate component, as resources included in the FAC rate calculation. PG&E's utility-owned generation, including utility-owned fossil, nuclear and hydro generation, PG&E's extensive portfolio of renewable contracts, and other market purchases are not included in the generation resources listed in response to Question 3.

step is problematic when the percent of the contract recovered through FAC revenues is imperceptibly small.

During the 2012 biennial FERC Form No. 580 reporting period, PG&E's FAC rate was invoked 3 months out of the 24 month reporting period and PG&E collected amounts through the AAC in over one hundred individual contracts to which a portion of the FAC revenues could be attributed. The current report format requires PG&E to report the total annual cost of each contract and then report the portion that was actually recovered through an AAC. The quandary of making a dollar-specific allocation of small AAC-collected amounts among the individual AAC contracts further illustrates how the information collected from PG&E under FERC Form No. 580 is immaterial. The value of the contracts listed in response to Question 3 total \$1 billion or more but the "actual amounts recovered through the AAC" was approximately \$24,000 and \$106,000 in 2010 and 2011 actual revenues, respectively. Allocation of each FAC dollar on a contract-by-contract basis would be a time consuming process. Additionally, there is no guidance on how to allocate the \$24,000 to each contract. In the 2010 FERC Form 580 reporting year (submitted in 2012), PG&E added a "total" line item to its input showing that the "total amount recovered" through the AAC was \$24,002. The allocation of such a small amount over a large number of contracts, besides being time-consuming, would produce results that are statistically insignificant and unlikely to support meaningful analysis or review. The lack of "practical utility" of the second allocation step is another reason to establish a threshold for public utility reporting under FERC Form No. 580.

## **B. Approval Period**

FERC's NOIC at page 2 states that the Type of Request is a "Three-year approval of the FERC Form No. 580." There is no explanation of what "three-year approval" refers to. Currently, respondents are required to prepare and submit FERC Form No. 580 every two years.

PG&E would support changing the FERC Form No. 580 preparation and approval process from a two-year cycle to a three-year cycle.

## **V. CONCLUSION**

PG&E appreciates the opportunity to comment on FERC's data-gathering process for ensuring that rates are not unreasonably increased by the use of AACs. FERC should not require public utilities to bear the burden of submitting information that lacks any practical utility.

Accordingly, PG&E respectfully requests that utility respondents that recover less than a threshold amount of their total billed revenues from AACs, such as one percent to five percent, should be exempt from FERC Form No. 580 reporting requirements.

Respectfully submitted,

/s/

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Company

Dated: June 28, 2013