

FERC-520 (OMB Control No.: 1902-0083)
FERC Form 561 (OMB Control No.: 1902-0099)
FERC-566 (OMB Control No.: 1902-0114)

Supporting Statement

FERC-520 (Application for Authority to Hold Interlocking Directorate Positions)
FERC Form 561 (Annual Report of Interlocking Directorates)
FERC-566 (Annual Report of Twenty Largest Purchasers)

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review the information collection requirements in the FERC-520 information collection (OMB Control No. 1902-0073), FERC-561 (OMB Control No. 1902-0089), and FERC-566 (OMB Control No. 1902-0114) and extend its approval of these information collections for three years. FERC-520, FERC Form 561, and FERC-566 are all existing data collections whose filing requirements are contained in 18 Code of Federal Regulations (CFR) Parts 45, 46, and 131.31.

This supporting statement consolidates these renewal efforts because these collections' purposes are closely related and, thus, their reviews should be closely related as well.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

The Federal Power Act (FPA) mandates federal oversight and approval of certain electric corporate activities and implements related information filing requirements. The FERC-520, FERC Form 561, and FERC-566 ensure that FPA-mandated oversight can occur. Additionally, these collections help ensure that neither public nor private interests are adversely affected by the electric activities the FPA provisions cover. The regulatory requirements for the collections are contained in 18 Code of Federal Regulations (CFR) Parts 45, 46, and 131.31.

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

FERC-520

The FERC-520 (Application for Authority to Hold Interlocking Directorate Positions) is an application requesting FERC authorization for board members of regulated electric utilities who plan to simultaneously hold positions on corporate boards of related or similar entities. This occurrence is known as an "interlocking directorate". Under the FPA, the holding of specific interlocking directorates is unlawful unless the Commission has authorized the interlocks to be held.

Before assuming an interlocking position, an applicant must demonstrate that neither public nor private interests will be adversely affected by the interlocking position. The FERC-520 identifies

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the applicant and provides FERC with a list and information about any interlocking position the application requests authorization to hold. Additionally, the filing collects information related to the applicant's financial interests, other officer/directors of the firm that are involved, and the nature of business relationships among firms.

FERC allows two types of FERC-520 applications to implement FPA requirements:

- Full: As required in 18 CFR 45.8, full applications are made (1) an officer or director of more than one public utility, (2) an officer or director of a public utility and of a public utility securities underwriter, (3) an officer or director of a public utility and of an electrical equipment supplier to that utility. They provide detailed information about the positions for which authorization is sought including a description of duties, estimated time required by the position, and the applicant's indebtedness to the public utility.
- Informational: As required in 18 CFR 45.9, informational applications are intended for automatic authorization. These applications are made by (1) an officer or director of two or more public utilities where the same holding company owns, directly or indirectly, wholly or in part, the other public utility; (2) an officer or director of two public utilities, if one utility is owned, wholly or in part, by the other; or (3) an officer or director of more than one public utility, if such person is already authorized under Part 45 to hold different positions where the interlock involves affiliated public utilities.

FERC requires notices of change if the applicant resigns or withdraws from Commission-authorized interlocked positions or if the applicant is not re-elected or reappointed to the interlocked position. Pursuant to 18 CFR 45.5, an applicant must file a notice of change (i.e. the relinquishing of all of his/her interlock positions within the same holding company, within 30 days after any such change. This notice of change includes the position(s) that the applicant held, the corporation of which the position was part of, and the date of termination of the position. Additionally, pursuant to 18 CFR 45.7, the notice of change should be filed with the Secretary of the Commission in accordance with the filing procedures posted on www.ferc.gov. Each filing must be dated, signed by the applicant, and verified under oath.

FERC Form 561

The information the Commission collects with the FERC Form 561 (Annual Report of Interlocking Positions) responds to the FPA requirements for annual reporting of similar types of positions public utility officers and directors hold with financial institution, insurance companies, utility equipment and fuel providers, and with any of an electric utility's 20 largest purchasers of electric energy (i.e. the 20 entities with high expenditures of electricity). The FPA specifically defines most of the information elements in the Form 561 including the information that must be filed, the required filers, the directive to make the information available to the public, and the filing deadline.

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The Commission uses the information collected by the Form 561 to implement the FPA requirement that those who are authorized to hold interlocked directorates annually disclose all the interlocked positions held within the prior year. The Form 561 data identifies persons holding interlocking positions between public utilities and other entities, allows the Commission to review these interlocking positions, and allows identification of possible conflicts of interest.

FERC-566

The FERC-566 (Annual Report of a Utilities 20 Largest Purchasers) implements FPA requirements that each public utility annually publish a list of the purchasers of the 20 largest amounts of electric energy sold by such public utility during any of the three previous calendar years. Similar in included details to the Form 561, the statutory requirements of the FPA identifies who must file the FERC-566 report and establishes a filing deadline. The FPA also specifies that those entities required to report who have a holding company system can calculate their total volumes of energy sold by including the amounts sold by utilities within their holding company system. FERC provides details in its regulations about the information provided by the FERC-566 report. For example, FERC allows required filers to file estimates of volumes based on actual information available to them if actual volumes are not available by the statutory due date. However, the FERC also requires revisions of those filed estimates with final numbers by March 1st each year. The public disclosure of this information provides officers and directors with the information necessary to determine whether any of the entities with whom they are related are any of the largest twenty purchasers of the public utility with which they are affiliated.

Together, these data collections provide views into complex electric corporate activities. They serve to safeguard public and private interests, as the FPA requires, by disclosing business relationships to both the public and the Commission for analyses. The public can file a complaint or comment with the Commission if disclosures made under these data collection provide evidence of corporate behavior that violates Commission policy.

The Commission can use its enforcement authority when violations and omissions of FPA requirements occur.

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

Under FERC regulations, respondents can file their FERC-520, Form 561, and FERC-566 in various formats including electronically via the Commission's eFiling webpage. About 90% of

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the FERC-520 arrive electronically. Approximately 99% of the Form 561 and 70% of FERC-566 filings arrive electronically.

FERC encourages Form 561 respondents to file their forms via the FERC eFiling system and to use the Microsoft Excel version of the Form 561. FERC has also made a preferred format in Excel for use by filers of the FERC-566. Some still, however, file this form in hard copy.

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 information in each of these three information collection is unique in that it describes specific corporate activities of individuals and businesses as stipulated in the FPA. There are no other sources for this data.

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

The data collection imposes the least possible burden on small entities while collecting information necessary to the Commission to fulfill statutory requirements.

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

The Commission collects the FERC-520 information when individuals seek Commission authority to hold interlocked directorates as well as when circumstances change with respect to an officer's or director's interlocking position with a public utility. There is no cyclical, re-filing of FERC-520 information. It is filed once and, as long as circumstances do not change, it is not filed again. Examples of changing circumstances would include employment transfers, promotions, resignations, or retirements. The only time an applicant is required to file another FERC Form 520 (subsequent to the initial filing) would be when the applicant relinquishes all of the interlocking positions regardless of how many interlocking positions were previously held. FERC adopted this policy in order to make these filings occur in the least frequent and, thus, least burdensome manner possible for applicants.

Collecting the FERC-520 less frequently would mean not collecting the information at all and this is not possible because Commission oversight of the information is a statutory requirement. Moreover, these data collections serve to safeguard public and private interests by disclosing

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business relationships to both the public and the Commission for analyses as required by the FPA. Without the data, neither the public nor the Commission would be able to monitor interlocked corporate behavior. As a result, there would be no transparency of the dynamics between corporations' board members and power sales to their largest customers.

Public Utilities Regulatory Policy Act (PURPA) Section 211 mandates annual submission of the data in the Form 561 and FERC-566 as well as the data in the FERC-520. The FERC cannot change Congressionally-mandated filing dates. If the Form 561 and FERC-566 were collected less frequently, the Commission would be unable to perform its mandated oversight and review responsibilities as effectively.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the information collection.

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

In accordance with OMB requirements, the Commission published a 60-day notice¹ and a 30-day notice² to the public regarding this information collection on 3/4/2014 and 7/9/2014 respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received 4 comments from the public regarding this information collection.

Public Comments and FERC Responses: A summary of the comments filed by the public in response to the 60-day notice for the FERC-520, FERC-561, and FERC-566 information collections and FERC's responses are provided below.

Public Comments: A number of commenters request changes to Form 561. For example, the Electric Power Supply Association (EPSA) argues that the Commission should modify Form 561 to allow individuals holding interlocking positions pursuant to automatic authorization to check a box indicating that they hold interlocking positions solely with affiliated entities. Similarly, NRG Energy (NRG) argues that, instead of requiring the Form 561, the Commission should consider an annual report where those holding covered positions are permitted to check a box indicating that they are the officer or director of affiliated entities, whether the entities are public utilities, electrical equipment suppliers, fuel suppliers or none of the categories. White & Case

1 79 FR 12191
2 79 FR 38870

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LLP (White & Case) submits that the Commission should only require the re-filing of an updated Form 561 after a year in which the individual changed reportable positions from those previously reported in a prior Form 561.

Commenters also request certain exemptions from the FERC-520 and FERC-566 reporting requirements. White & Case suggests that the Commission should not require an informational report under Part 45 for automatic authorization to hold officer/director positions with more than one public utility in a corporate family when the corporate family does not include any franchised public utility with captive customers. White & Case also recommends that the Commission eliminate the requirement to file notices of change under section 45.5 of the Commission's regulations and the requirement to file FERC-566 for public utilities that do not make any reportable sales. NYISO argues that it should be exempted from the requirement to submit FERC-566. EPSA and NRG suggest that the Commission should exempt electric wholesale generators (EWG) from the FERC-566 filing requirement.

FERC's Response: The Commission shares commenters' interest in identifying and implementing burden reductions to the benefit of filers as well as the Commission. Nevertheless, commenters' suggestions raise issues that require additional study. Moreover, should the Commission determine after further study to pursue changes to these information collections, those changes would be more appropriately addressed in a forum and through a process that is better suited to full public identification of and deliberation on possible proposed changes. Any changes to the Commission's regulations would need to be made through the Commission's formal rulemaking process. Given competing demands on the resources of both the Commission and industry, we estimate that it would take more than two years to complete the rulemaking process for the three information collections. That period includes the development, preparation and issuance of a Notice of Proposed Rulemaking, review of the submitted comments, the preparation and promulgation of a Final Rule and the development and implementation of any necessary software changes. As a result, the Commission is requesting that OMB extend the three collections for three years, providing the Commission with the necessary time to proceed with its intentions to issue a Notice of Proposed Rulemaking (NOPR) in the ensuing months. If the Commission decides that changes are not warranted, OMB and the public will be notified before or during the next extension request for these collections. Such notification will include a summary of the Commission's findings, addressing each of the four public comments received with this request.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no gifts or payments given to the respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The FERC-520, Form 561, and FERC-566 information submitted to the Commission is made publically available. Specific requests for confidential treatment to the extent permitted by law are considered pursuant to 18 CFR 388.112.

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

These collections do not include any questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated burden for each collection follows:

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	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden/Cost Per Response³ (4)	Total Annual Burden Hours (Total Annual Cost)⁴ (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Full	10	1	10	51.8 \$3,651.9	518 \$36,519	\$3,652
Informational	454	1	454	16 \$1,128	7,264 \$512,112	\$1,128
Notice of Change	254	1	254	0.25 \$17.63	63.5 \$4,477	\$17.63
TOTAL			718		7,845.5⁵ \$553,108	\$4,797.63

FERC Form 561 (Annual Report of Interlocking Positions)

3 The estimates for cost per response are derived using the following formula: Total Annual Cost (Column 5) ÷ Total Number of Responses (Column 3) = Average Cost per Response

4 Total Annual Burden Hours * \$70.50

5 In the ROCIS submission system, this figure is rounded down to "7,845".

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FERC Form 561	2,675	1	2,675	0.25 \$17.63	668.75 \$47,147	\$17.63

FERC-566 (Annual Report of a Utility's 20 Largest Purchasers)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden/Cost Per Response ³ (4)	Total Annual Burden Hours (Total Annual Cost) ⁴ (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
FERC-566	1,082	1	1,082	6 \$423	6,492 \$457,686	\$423

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs associated with these information collections.

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services: \$0

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The following table contains the annualized effort and cost for all three collections (i.e. FERC-520, FERC Form 561, FERC-566). Please assume one-third of the effort and cost are applied to each of these three information collections in this renewal.

FERC-520/561/566	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings ⁶	3 ⁷	\$439,773
Paperwork Reduction Act Administrative Cost ⁸		\$15,276

⁶ Based upon 2014 FTE average salary plus benefits (\$146,591)

⁷ 1 FTE for each of the three collections annually.

⁸ The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act (PRA).

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TOTAL		\$455,049
<i>Total Cost per Collection</i>		<i>\$151,683</i>

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

The tables below show how the estimated burden differs from the burden currently approved by OMB.

The changes for each collection are changes due to adjustments in estimates for each collection. More specifically, the changes in estimates for the FERC-520 are due primarily to economic forces and corporate restructuring. These factors caused the number of respondents (and, thus, responses) to increase. Regarding the reduction in average burden hours per response, Commission staff developed a more accurate estimation based on experience with the collection’s respondents and their feedback regarding the information collection requirements. Simply stated, Commission staff overestimated the average burden hours per response in previous ICRs for the FERC-520.

For the FERC-561 and FERC-566, the increase in burden is due to an increase in the number of utilities that are required to respond. The number of utilities increased due to Order 732 which amended FERC Form 556 (Certification of Qualifying Facilities (QF) Status for Small Power Production and Cogeneration Facilities) in a way that reduced the respondent burden and encouraged more electric facilities to certify as QFs. The increased QF certification has the indirect effect of a continual increase in the number of QFs that file the FERC-566. This increase is not due to a change in requirements, but rather a change in the aforementioned market forces that resulted in more entities taking part in activities related to interlocking directives and purchasing electric energy. There is no way to be certain whether or not the trend of increases will continue. The Commission currently possesses no definitive data on the proportion of renewable resources (i.e. the reason behind the increase in QF certification) in comparison to non-renewable resources or how that proportion might change within electric markets in the coming years.

The average burden per response for both collections remain the same as in the previous clearance.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC-520				

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Annual Number of Responses	718	628	90	0
Annual Time Burden (Hr)	7,845	12,680	-4,835	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC Form 561				
Annual Number of Responses	2,675	2,431	244	0
Annual Time Burden (Hr)	669	608	61	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC-566				
Annual Number of Responses	1,082	434	648	0
Annual Time Burden (Hr)	6,492	2,604	3,888	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 these collections of information.

17. DISPLAY OF EXPIRATION DATE

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

Also, the FERC Form 561 displays the current expiration date in the upper right hand corner of the form's first page.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

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The Commission does not use the data collected for this reporting requirement for statistical purposes. Therefore, the Commission does not use as stated in item (i) of the certification to OMB "effective and efficient statistical survey methodology." The information collected is case specific to each information collection.