

Supporting Statement  
**FERC Form No. 520 (Application for Authority to Hold Interlocking Directorate Positions)**

Three-year approval of extension requested

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC Form No. 520 (Application for Authority to Hold Interlocking Directorate Positions) information collection for a three-year period under OMB Control Number 1902-0083.

**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 Form No. 520, FERC Form No. 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 that 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**

The FERC Form No. 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 Form No. 520 identifies the applicant and provides FERC with a list of information about any interlocking position for which the applicant requests authorization. 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 Form No. 520 applications to implement FPA requirements: full and informational. The full application is required by 18 CFR 45.8 and involves (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 to a public utility, (3) an officer or director of a public utility and of an electrical equipment supplier to that utility. The full applications provides 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. The informational applications are : required by 18 CFR 45.9 and 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](http://www.ferc.gov). Each filing must be dated, signed by the applicant, and verified under oath.

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

Under FERC regulations, respondents can file their FERC Form No. 520 in various formats including electronically via the Commission's eFiling webpage. About 90% of the FERC Form No. 520 arrive electronically.

**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 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 Form No. 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 Form No. 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. However, 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 Form No. 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 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 FERC Form No. 520. The FERC cannot change Congressionally-mandated filing dates.

**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 TO THESE COMMENTS**

In accordance with OMB requirements, the Commission published a 60-day notice<sup>1</sup> and a 30-day notice<sup>2</sup> to the public regarding this information collection on 4/3/2017 and 7/19/2017 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 no comments from the public regarding this information collection.

**9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no payments or gifts to respondents in the FERC Form No. 520 requirements.

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO**

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1 82 FR 16191

2 82 FR 33102

**RESPONDENTS**

The Commission does not consider the information collected in FERC Form No. 520 filings to be confidential. There are no confidentiality provisions associated with the data requirements of FERC Form No. 520. 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**

There are no questions of a sensitive nature associated with the FERC Form No. 520 reporting requirements.

**12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

The Commission estimates the Public Reporting burden for the FERC Form No. 520 information collection as follows:

| <b>FERC Form No. 520 (Application for Authority to Hold Interlocking Directorate Positions)</b> |                                      |  |  |   |  |   |
|---|--------------------------------------|--|--|---|--|---|
|   | <b>Number of Respondents<br/>(1)</b> | <b>Annual Number of Responses per Respondent<br/>(2)</b> | <b>Total Number of Responses<br/>(1)*(2)=(3)</b> | <b>Average Burden &amp; Cost Per Response<sup>3</sup><br/>(4)</b> | <b>Total Annual Burden Hours (Total Annual Cost)<br/>(3)*(4)=(5)</b> | <b>Cost per Respondent (\$)<br/>(5)÷(1)</b> |
| Full  | 16                                   | 1  | 16   | 50 hrs.;<br>\$3,825   | 800 hrs.;<br>\$61,200  | \$3,825                                     |
| Informational   | 500                                  | 1  | 500  | 8 hrs.;<br>\$612  | 4,000 hrs.;<br>\$306,000   | \$612                                       |
| Notice of Change  | 200                                  | 1  | 200  | 0.25 hrs.;<br>\$19.13   | 50 hrs.;<br>\$3,825  | \$19.13                                     |
| <b>TOTAL</b>  |                                      |  |  |   | <b>4,850 hrs.;</b><br><b>\$371,025</b>                               |   |

This burden estimate includes the entirety of the FERC Form No. 520 information collection. The total annual burden (4,850 hours) includes all of the ongoing burden for this information collection.

**13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

There are no capital or start-up costs associated with this collection. All of the costs are associated with the burden hours and accounted for in Question #12.

<sup>3</sup> The Commission staff thinks that the average respondent for this collection is similarly situated to the Commission, in terms of salary plus benefits. Based upon FERC’s 2017 annual average of \$158,754 (for salary plus benefits), the average hourly cost is \$76.50/hour.

**14. ESTIMATE OF THE TOTAL ANNUAL COST TO FEDERAL GOVERNMENT**

|   | <b>Number of Employees (FTE)</b> | <b>Estimated Annual Federal Cost</b> |
|---|----------------------------------|--------------------------------------|
| Analysis and Processing of filings <sup>4</sup> | 1                                | \$158,754                            |
| PRA <sup>5</sup> Administrative Cost            |                                  | \$5,723                              |
| <b>FERC Total</b>                               |                                  | <b>\$164,477</b>                     |

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 changes in estimates for the FERC Form No. 520 are due primarily to economic forces and corporate restructuring. These factors caused the number of respondents (and, thus, responses) to decrease (from 718 to 716).

Additionally, the estimated burden per response was revised. The “full” and “informational” filings’ burden per response was revised to 50 hours/response and 8 hours/response respectively. This is due to a more accurate analysis on the burden imposed by the FERC Form No. 520 requirements. The information collection requirements have not changed.

| <b>FERC Form No. 520</b>   | <b>Total Request</b> | <b>Previously Approved</b> | <b>Change due to Adjustment in Estimate</b> | <b>Change Due to Agency Discretion</b> |
|----------------------------|----------------------|----------------------------|---|--|
| Annual Number of Responses | 716                  | 718                        | -2  | 0                                      |
| Annual Time Burden (Hr)    | 4,850                | 7,845                      | -2,995                                      | 0                                      |
| Annual Cost Burden (\$)    | 0                    | 0                          | 0   | 0                                      |

**16. TIME SCHEDULE FOR THE PUBLICATION OF DATA**

There are no tabulations, statistical analysis, or publications of information planned for the FERC Form No. 520 information collection. The Commission intends to use the data for regulatory purposes only.

<sup>4</sup> Based upon 2017 FTE average salary plus benefits (\$158,754)

<sup>5</sup> Paperwork Reduction Act of 1995 (PRA)

**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>.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The Commission will not be using statistical survey methodology for this information collection.