

**Supporting Statement for
FERC Form No. 520 (Application for Authority to Hold Interlocking Directorate
Positions), revisions proposed in NOPR in RM18-15-000**

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), as proposed for revision in the Notice of Proposed Rulemaking (NOPR) in Docket No. RM18-15-000.¹

On October 27, 2016, Commission staff issued its 2016 Biennial Staff Memo Concerning Retrospective Analysis of Existing Rules,² in which it identified certain Commission regulations as ripe for evaluation, including 18 CFR part 45. The Edison Electric Institute (EEI) submitted comments in support of the Commission's suggested revisions to 18 CFR part 45 and proposed additional revisions. Based on its review of the regulations, as well as its review of the comments submitted by EEI, the Commission is proposing changes to the FERC Form No. 520's reporting requirements

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

The Federal Power Act (FPA) mandates federal oversight and approval of certain electric corporate activities, including oversight and approval of the holding of interlocking positions, and implements related information filing requirements. The FERC Form No. 520, among other forms, ensures that FPA-mandated oversight can occur. Additionally, this collection ensures that neither public nor private interests are adversely affected by the holding of the interlocking positions that the FPA covers. The regulatory requirements for the collections are contained in 18 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 is an application requesting FERC authorization for officers and directors of regulated public utilities to simultaneously hold positions of officers and directors of certain other entities. Under the FPA, the holding of specific interlocking positions is unlawful unless the Commission has authorized the holding of such interlocks upon a determination that neither public nor private interests will be adversely affected.

¹ The NOPR is posted in FERC's eLibrary at https://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20180719-3027.

² The Staff Memo is posted in FERC's eLibrary at <https://elibrary-backup.ferc.gov/idmws/common/opennat.asp?fileID=14386122>.

Before assuming an interlocking position, an applicant thus 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 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 firms that are involved, and the nature of the 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, and (3) an officer or director of a public utility and of an electrical equipment supplier to that utility. The full application provides detailed information about the positions for which authorization is sought, including a description of duties. 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, both public utilities, (2) an officer or director of two public utilities, if one utility is owned, wholly or in part, by the other, and (3) an officer or director of more than one public utility, if such person is already authorized to hold different positions in those same, affiliated public utilities.

FERC currently requires notices of changes, including 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, 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.

The Commission is proposing in the NOPR in Docket RM18-15-000, among other changes, to revise its requirements and no longer require a notice of change when a person is merely changing positions within a holding company system. This proposal is expected to reduce the number of filed notices of change by 50 percent annually and to reduce the corresponding total burden.

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 percent of the FERC Form No. 520s 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 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 its 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 interlocks 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. The only time an applicant is required to file another FERC Form No. 520 (subsequent to the initial filing) would be when the applicant seeks to be an officer or director of a corporation he/she previously was not an officer or director of. The Commission 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 appropriate 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 among the officers and directors of public utilities and their interlocked securities underwriters and electrical equipment suppliers.

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

The Commission is providing all interested parties an opportunity to comment on the NOPR, which is being published in the Federal Register.³

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO 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 burden and cost for the FERC Form No. 520 information collection as follows:

FERC Form No. 520 (Application for Authority to Hold Interlocking Directorate Positions)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response⁴ (4)	Total Annual Burden Hours (Total Annual Cost) (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Full	16	1	16	50 hrs.; \$3,950	800 hrs.; \$63,200	\$3,950
Informational	500	1	500	8 hrs.; \$632	4,000 hrs.; \$316,000	\$632

³ 83 FR 40034, 8/1/2018

⁴ The Commission staff considers the average respondent for this collection to be similarly situated to the Commission, in terms of salary plus benefits. Based upon FERC’s 2018 annual average (for salary plus benefits) of \$164,820, the average hourly cost is \$79/hour.

Notice of Change	100	1	100	0.25 hrs.; \$19.75	25 hrs.; \$1,975	\$19.75
TOTAL					4,825 hrs.; \$381,175	

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 the response to Question #12.

14. ESTIMATE OF THE TOTAL ANNUAL COST TO FEDERAL GOVERNMENT

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings ⁵	2/3	\$109,880
PRA ⁶ Administrative Cost		\$4,931
FERC Total		\$114,811

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.

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, as well as necessary publications in the Federal Register.

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

The Commission is proposing to revise its requirements and no longer require a notice of change when a person is merely changing positions within a holding company system. This proposal is expected to reduce the number of filed notices of change by 50 percent annually and to reduce the corresponding total burden.

FERC Form No. 520	Total Request	Previously	Change due to	Change Due to
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⁵ This is based upon FERC’s 2018 average annual salary plus benefits of \$164,820.

⁶ Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d) (PRA).

		Approved	Adjustment in Estimate	Agency Discretion
Annual Number of Responses	616	716		-100
Annual Time Burden (Hr.)	4,825	4,850		-25
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

The Commission uses the data for regulatory purposes only.

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

There are no exceptions.