

Supporting Statement

**FERC Form No. 523, Application for Authorization of Issuance of Securities or the
Assumption of Liabilities**

(Three-year approval for extension requested)

The Federal Energy Regulatory Commission (FERC of Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC Form No. 523 (Application for Authorization of Issuance of Securities) information collection for a three-year period under OMB Control No. 1902-0043. These requirements are part of the Commission's regulations in 18 Code of Federal Regulations (CFR) 34, 131.43, and 131.50.

**1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION
NECESSARY**

Federal Power Act (FPA) Section 204¹ prohibits public utilities and licensees from issuing any security or assuming any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of another person unless, until, and then only to the extent that upon application by the public utility the Commission by order authorized such issue or assumption of liability.

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

The Commission collects FERC Form No. 523 information via 18 CFR 34, 131.43, and 131.50. The collection includes a variety of information all of which are specified in 18CFR 34. In these filings, applicant(s) include:

- The official name of the applicant and its principal business office,
- The State in which the utility is incorporated, the date of incorporation, and each State in which it operates,
- The name, address, and telephone number of a person within the utility authorized to receive notices and communications with respect to the application,
- The date by which Commission actions is requested,
- A full description of the securities proposed to be issued, including:
 - Type and nature of securities,

¹ 16 U.S.C. 824c

- Amount of securities (par or stated value and number of units),
 - Interest or dividend rate, if any,
 - Dates of issuance and maturity,
 - Institutional rating of the securities—or if the securities are not rated, an explanation as to why they are not rated, and if the securities will be rated, an estimate of the rating, and
 - Any stock exchange on which the securities will be listed,
- The purpose for which the securities for which application is made are to be issued:
 - If the purpose of such issuance is the construction, completion, extension, or improvement of facilities, describe in reasonable detail the construction program for which the funds were or are to be used,
 - If the purpose for such instance is for the refunding of obligations, describe in detail the obligations to be refunded, including the character, principal amounts, applicable discount or premium, dates of issuance and maturity, and all other material facts concerning such obligations, and
 - If the purpose for such issuance is for other than construction or refunding, explain such other purpose(s) in detail
- A statement as to whether or not any application with respect to the transaction or any part thereof is require to be filed with any State regulatory body,
- A detailed statement of the facts relied upon by the applicant to show that the issuance:
 - Is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, is necessary or appropriate for or consistent with the proper performances by the applicant of service as a public utility and will not impair its ability to perform that service, and
 - Is reasonably necessary or appropriate for such purposes
- A detailed statement of the bond indenture(s) or limitations on interest and dividend coverage, and the effects of such limitations on the issuance of additional debt or equity securities, and
- A brief summary of any rate changes which were made effective during the period for which financial statements are submitted of which became or will become effective after the period for which statements are submitted.

The requirements for FERC Form No. 523 are contained within FERC's regulations at 18 CFR 131.43 and 131.50. Instructions to file applications electronically are stated in 18 CR 131.43.

The filing process involves navigating to the Commission's website for forms. Once there, applicants would proceed to the portion of the website dedicated to the FERC Form No. 523 information collection (<http://www.ferc.gov/docs-filing/forms.asp#523>). A link in this portion of the website will link them to the Commission's eFiling portal (<http://www.ferc.gov/docs-filing/efiling.asp>).

The Commission uses this information to determine whether to approve an application for authorization to issue securities or to assume an obligation or liability by the public utilities and their licensees who make these applications. If the information were not collected, the Commission would not be able to comply with the FPA directives.

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

In Commission Order No. 657, the Commission amended its regulations (effective in April 2006) to require the electronic filing of FERC Form No. 523². Prior to Order No. 657, the Commission required the filings in hard copy. The type of financial data that jurisdictional entities submit in this application was already routinely stored in electronic format by applicant(s) making hard copy filing of such information needlessly burdensome.

Order No. 657 was the result of a review conducted by FERC's Information Assessment Team (FIAT). FIAT was a Commission initiative to identify current information collections, evaluate their original purposes and current uses, and propose ways to reduce the reporting burden on industry through the elimination, reduction, streamlining or reformatting of current collections.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY

² Applicant(s) seeking protected treatment of materials must file in accordance with the Commission's instructions for filing privileged materials and critical energy infrastructure information. All other applicant(s) are required to file via eFiling.

**AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE
PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2**

The Commission periodically reviews filing requirements as OMB review dates arise, expiration dates approach, or as the Commission may deem necessary in carrying out its responsibilities under the FPA in order to eliminate duplication and ensure that filing burden is minimized. No other forms collect data similar to that collected/filed within FERC Form No. 523.

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

The Commission collects FERC Form No. 523 information from both large and small utilities. In an effort to minimize burden on small utility applicant(s), the Commission collects information in this filing that is readily available through the utility's internal records. For example, each applicant submits the required documentation consistent with 34.3 and 34.4 of the Commission's Regulations. Exhibits C, D, and E contain the Applicant's Balance Sheet, Income Statement, and Statement of Cash Flows and a computation of interest coverage. The submission of these exhibits can be easily complied from the Applicant(s) internal accounting dept.

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

Applicants submit the FERC Form No. 523 only as needed to seek Commission approval of security issuances or to assume an obligation or liability by the public utilities and their licensees who make these applications. Utilities are allowed to include authorizations for multiple types of securities within a single filing. This eliminates the need for multiple individual filings. Regarding filing frequency, filing less frequently is not possible since mandated responsibilities would be unfulfilled.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE
INFORMATION COLLECTION**

This collection does not have any special circumstances.

**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 notice³ and a 30-day notice⁴ to the public regarding this information collection on 8/18/2020 (85FR50823) and 11/4/2020 (85FR70145) 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. 523 requirements.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

All data are public information and, therefore, not confidential. A filer may request (as allowed under the Commission's regulations at 18 CFR 388.112) confidential treatment of some or all of the FERC Form No. 523 filing. Each request for confidential treatment will be reviewed on a case-by-case basis.

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. 523 reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission estimates the Public Reporting burden for the FERC Form No. 523 information collection as follows:

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³ 85 FR 50823
⁴ 85 FR XXXX

Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses⁵ (1)*(2)=(3)	Average Burden Hrs. & Cost (\$) Per Response (4)	Total Annual Burden Hrs. & Total Annual Cost (\$) (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
57	1	57	70 hrs.; \$5,810	3,990 hrs.; \$331,170	\$5,810

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 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings ⁶	2	\$344,658
PRA ⁷ Administrative Cost ⁸		\$6,475
FERC Total		\$351,133

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

There are no changes to the FERC Form 523 reporting requirements or format. However, we are reporting 13 less responses in this clearance package due to the number of new entities and normal fluctuations in responding. The burden decrease is due to better estimate of applications processed and new companies responding. The total responses decrease to 57 for this renewal. FERC staff has reviewed the applications received, studied current trends in FERC Form No. 523 reporting, and adjusted the burden estimate appropriately.

⁵ The number of responses has decreased from the collection renewal in 2017 due to normal fluctuations in industry.

⁶ Based upon 2020 FTE average salary plus benefits (\$172,329)

⁷ Paperwork Reduction Act of 1995

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).

FERC Form No. 523	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	57	70	-13	0
Annual Time Burden (Hr.)	3,990	4,900	-910	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no publication plans for this collection of information.

17. DISPLAY OF EXPIRATION DATE

The expiration date is 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 data collected for this reporting requirement is not used for statistical purposes.