
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 502-8680

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COMMISSION FINALIZES INTERLOCKING DIRECTORATE RULES, EMPHASIZES THAT PRIOR AUTHORIZATION IS REQUIRED

The Federal Energy Regulatory Commission today adopted final rules on interlocking corporate directorates. The rules are designed to protect both public and private interests. The Commission's rules emphasize the need for corporate board members to receive prior authorization before entering into interlocking directorates and provide greater specificity regarding the Commission's regulatory requirements.

"For some, meeting the Federal Power Act's provisions addressing interlocking corporate directorates has been a casual afterthought. With today's final rule, there should be no question that the Commission takes compliance with section 305 of the Federal Power Act seriously," said Commission Chairman Joseph T. Kelliher.

In order to protect the interests of the nation's electric power customers and prevent any abuse of corporate positions, the Federal Power Act generally prohibits individuals from being an officer or director of more than one public utility, or from holding such a position with a public utility and a company that may underwrite or market public utility securities without prior commission authorization. In addition, an individual may not be an officer or director of a public utility and a company that supplies electrical equipment to that utility without prior Commission authorization.

In March 2005, the Commission proposed amending its regulations proposing that prior authorization must be obtained from FERC before an individual may assume an interlocking position and that any late-filed applications would be denied.

Today's rule provides greater clarity and brings Commission regulations more in line with the Federal Power Act's intent. Dismissing requests that the Commission provide an amnesty period for late-filed applications, the Commission said that it will automatically deny all late-filed applications for interlocking directorate authorization, noting that the Commission has long emphasized that filings be made on a timely basis.

The Commission clarified that “holding”, as defined in the Commission’s statutes, means acting as, serving as, voting as, or otherwise performing or assuming the duties and responsibilities of the interlocking position.

The final rule also imposes a requirement on the Commission. After taking into consideration commenters’ concerns, the Commission will require that it take action within 60 days on a completed application or the application is deemed granted. That will ensure timely action by the Commission on interlocking directorate applications.

The final rule, *Commission Authorization to Hold Interlocking Positions*, is effective 30 days after the order’s publication in the Federal Register.

Copies of the Final Rule may be found in e-library on the Commission’s website, www.ferc.gov.