On behalf of the United States Army, I proudly present the Schroeder family an Air Medal with three oak-leaf clusters, a Purple Heart, a POW Medal, an American Campaign Medal, a European, African, Middle-Eastern Campaign Medal, and Honorable Service Lapel Pin, WWII.

Mr. Speaker, I ask that this 107th Congress join me in posthumously recognizing a member of our Greatest Generation, Eldred Clifford Schroeder.

## INTRODUCTION OF LEGISLATION TO REPEAL PUHCA

### HON. CHARLES W. "CHIP" PICKERING

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 20, 2001*

Mr. PICKERING. Mr. Speaker, I am pleased to introduce a bill today to help America's energy consumers by repealing an outdated law that serves as a barrier to competition for increased supply and transmission in today's troubled energy marketplace. This bill, which is identical to legislation introduced by Chairman TAUZIN in the last Congress and very similar to legislation approved by the Senate Banking Committee in the last Congress, would repeal a New Deal Law, the Public Utility Holding Company Act of 1935 (PUHCA).

I am pleased to be joined by Representative TOWNS, Representative STEARNS and Chairman TAUZIN in introducing this important bipartisan legislation. I will be working closely with these members as we seek to bring an end to this outdated policy which has outlived its usefulness and purpose. Chairman TAUZIN has been the author of this legislation in the past and I am proud to take his mantle forward. In addition, Representative STEARNS and TOWNS have long been involved in the fight to repeal PUHCA and I look forward to working with them and having their leadership on this effort.

This legislation is a bipartisan initiative. The current Republican and previous Democratic Administrations have called for the repeal of PUHCA. Further, the bill would implement the recommendations of the Securities and Exchange Commission (SEC) made in 1995 following an extensive study by the SEC of the effects of this outdated law on the energy markets.

Mr. Speaker, one of the factors that has contributed to the current California energy crisis and will stand in the way of any permanent solution is the structural and financial restraints imposed under PUHCA. PUHCA unnecessarily restricts the flow of capital into the troubled California market, which is inhibiting the development of new generation and transmission capacity. Repeal of PUHCA would eliminate these articial structural and financial barriers and could contribute tot he alleviation of California's energy problem and the Western regional energy problem.

PUHCA is a law that has long outlived its usefulness. It imposes unnecessary costs on consumers and directly undermines the intent of recently enacted federal and state policies designed to bring more completion and capital to America's energy market.

PUHCA was enacted in 1935 to address abuses arising out of pyramid corporate structures at a time when electric utility regulation was just starting at both the federal and state level. PUHCA's primary purpose was to simplify complex holding company structures and to limit inappropriate business practices. This purpose was accomplished in the 1950's and the SEC has recommended to Congress that PUHCA be repealed since 1981.

Today, a significant number of electric and gas utility holding companies are required by PUHCA to operate under arbitrary rules that preclude them from investing in areas of need, developing new technologies and services, and competing in open markets. Other utility companies are exempt from PUHCA's restrictions, but must operate primarily within one state in order to maintain their exemptions. Our nation's gas and electric utility companies, therefore, must operate principally within certain geographic ''boxes.'' This stifles innovation, hinders competition, and creates market power problems in the regional electricity markets which conflicts directly with FERC's efforts to open the country's wholesale markets and transmission lines.

PUHCA also delays or, in some cases, prevents registered companies from offering new products and services to their consumers. As a barrier to entry for gas and electric utilities in all states, PUHCA limits investment and growth opportunities on a nationwide basis in the gas and electric industries. PUHCA also unnecessarily restricts the flow of capital into all states thereby inhibiting the development of new transmission and generation capacity. PUHCA stands in the way of the efforts by our nation's utility industry to serve consumers in a more competitive manner.

The counterproductive restricts that PUHCA places on the natural gas and electric power industries are based on historical assumptions that are no longer valid. The factors that existed when PUHCA was enacted in 1935 no longer exist today. Federal and state laws at that time were inadequate to protect consumers and investors 66 years ago. Today, federal and state regulations have become much more comprehensive and sensitive to market conditions. PUHCA, however, remains an economic drag on America's energy industry.

Mr. Speaker, I first became aware of PUHCA's outdated restrictions when I served as an aide to Senator Lott on the Telecommunications Act of 1996. At the time, we were trying to modernize the Communications Act of 1934, another command and control New Deal legislation like PUHCA. PUHCA had to be amended to allow competition in our telecommunications industry. Today, we need to repeal the 1935 Act and replace it with one that makes sense in today's energy and capital markets.

There exists no reason to retain this outdated regulation. The ability of State commissions to regulate holding company systems and, together with the development of regulation under the Federal Power Act of 1935 and the Natural Gas Act of 1938, have eliminated the regulatory ''gaps'' that existed in 1935 with respect to wholesale transactions in interstate commerce. The expanded ability of State commissions and the FERC to regulate inter-affiliate transactions have further rendered the 1935 Act unnecessary. In addition, important market power issues will continue to be reviewed by FERC, the Department of Justice and the Federal Trade Commission.

This legislation would reform the regulation of utility holding companies by repealing the duplicative SEC-related provisions of the Public Utility Holding Company Act of 1935, while assuring that the SEC retains all of its non-PUHCA jurisdiction of securities and securities markets in order to protect investors. The bill would put gas and electric power companies on an equal competitive footing, allowing them to take advantage of market opportunities that benefit consumers, investors and utility companies.

Registered companies will continue to be subject to the same government regulation intended to protect consumers and investors as that to which other industry participants are subject. SEC authority under the Securities Act, Exchange Act, Investment Advisers Act, and Trust Indenture Act will all remain in place. The State securities commissions will also have available to them the various State Blue-Sky laws. The bill will assure FERC access to those books, records, accounts, and other documents of holding companies, their affiliates and subsidiaries, which are relevant to costs incurred by a public utility company and which are necessary for the protection of consumers with respect to rates.

In the new environment confronting the utility industry, PUHCA has become nothing more than a bottleneck that constrains the ability of our nation's natural gas and electric power industries to serve consumers. PUHCA is an anachronism that burdens utility systems with costs and restrictions that impair their competitiveness and prevent them from adapting to the new and more competitive environment. PUHCA is no longer a solution because the problems of the 1930's have been replaced by effective state and federal legislation and by the realities of today's marketplace. Simply put, America no longer can afford the Public Utility Holding Company Act of 1935. It is time for Congress to act on the recommendations of the SEC and to enact this legislation.

## IN HONOR OF THE MEMBERS OF THE FEDERATION OF THE DODECANESIAN SOCIETY OF AMERICA AND CANADA

### HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 20, 2001*

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay tribute to the members of the Federation of the Dodecanesian Society of America and Canada. The Dodecanesian Islands include the twelve Aegean islands of ancient Greece ringing Asia Minor. The goal of the Federation is to salute the islands' struggle to remain Greek through years of occupation and their ultimate triumph 50 years ago when the twelve islands united with modern Greece. The Federation will celebrate their 50-year independence on Saturday, March 11, 2001.

The Dodecanesian Islands most certainly have a remarkable history that dates back to ancient times. The epic and legendary story of the Dodecanesian Islands is truly one of captivating heroics. The chain of islands, which include the island of Rhodes whose great colossus was one of the seven wonders of the world, are where Hippocrates, the father of Medicine, called home and began his first scientific investigation of disease and the organs of the body.