

107TH CONGRESS
1ST SESSION

H. R. 1101

To repeal the Public Utility Holding Company Act of 1935, to enact the Public Utility Holding Company Act of 1999, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2001

Mr. PICKERING (for himself, Mr. TOWNS, Mr. TAUZIN, Mr. STEARNS, Mr. SESSIONS, Mr. WICKER, Mr. GRAHAM, Mr. MURTHA, Mr. BARTLETT of Maryland, Mr. SCARBOROUGH, Mr. BOYD, Mr. TERRY, Mr. THORNBERRY, Mr. MCCRERY, Mr. PETERSON of Pennsylvania, Mr. NORWOOD, and Mr. YOUNG of Alaska) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To repeal the Public Utility Holding Company Act of 1935, to enact the Public Utility Holding Company Act of 1999, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Utility Holding
5 Company Act of 2001”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds that—

1 (1) the Public Utility Holding Company Act of
2 1935 was intended to facilitate the work of Federal
3 and State regulators by placing certain constraints
4 on the activities of holding company systems;

5 (2) developments since 1935, including changes
6 in other regulation and in the electric and gas indus-
7 tries, have called into question the continued rel-
8 evance of the model of regulation established by that
9 Act;

10 (3) there is a continuing need for limited Fed-
11 eral and State regulation in order to ensure the rate
12 protection of utility customers; and

13 (4) limited Federal regulation is necessary to
14 supplement the work of State commissions for the
15 continued rate protection of electric and gas utility
16 customers.

17 (b) PURPOSES.—The purposes of this Act are—

18 (1) to eliminate unnecessary regulation, yet
19 continue to provide for consumer protection by facili-
20 tating existing rate regulatory authority through im-
21 proved Federal and State commission access to
22 books and records of all companies in a holding com-
23 pany system, to the extent that such information is
24 relevant to rates paid by utility customers, while af-

1 fording companies the flexibility required to compete
2 in the energy markets; and

3 (2) to address protection of electric and gas
4 utility customers by providing for Federal and State
5 access to books and records of all companies in a
6 holding company system that are relevant to utility
7 rates.

8 **SEC. 3. DEFINITIONS.**

9 For purposes of this Act:

10 (1) The term “affiliate” of a company means
11 any company 5 percent or more of the outstanding
12 voting securities of which are owned, controlled, or
13 held with power to vote, directly or indirectly, by
14 such company.

15 (2) The term “associate company” of a com-
16 pany means any company in the same holding com-
17 pany system with such company.

18 (3) the term “Commission” means the Federal
19 Energy Regulatory Commission.

20 (4) The term “company” means a corporation,
21 partnership, association, joint stock company, busi-
22 ness trust, or any organized group of persons,
23 whether incorporated or not, or a receiver, trustee,
24 or other liquidating agent of any of the foregoing.

1 (5) The term “electric utility company” means
2 any company that owns or operates facilities used
3 for the generation, transmission, or distribution of
4 electric energy for sale.

5 (6) The terms “exempt wholesale generator”
6 and “foreign utility company” have the same mean-
7 ings as in sections 32 and 33, respectively, of the
8 Public Utility Holding Company Act of 1935, as
9 those sections existed on the day before the effective
10 date of this Act.

11 (7) The term “gas utility company” means any
12 company that owns or operates facilities used for
13 distribution at retail (other than the distribution
14 only in enclosed portable containers or distribution
15 to tenants or employees of the company operating
16 such facilities for their own use and not for resale)
17 of natural or manufactured gas for heat, light, or
18 power.

19 (8) The term “holding company” means—

20 (A) any company that directly or indirectly
21 owns, controls, or holds, with power to vote, 10
22 percent or more of the outstanding voting secu-
23 rities of a public utility company or of a holding
24 company of any public utility company; and

1 (B) any person, determined by the Com-
2 mission, after notice and opportunity for hear-
3 ing, to exercise directly or indirectly (either
4 alone or pursuant to an arrangement or under-
5 standing with one or more persons) such a con-
6 trolling influence over the management or poli-
7 cies of any public utility company or holding
8 company as to make it necessary or appropriate
9 for the rate protection of utility customers with
10 respect to rates that such person be subject to
11 the obligations, duties, and liabilities imposed
12 by this Act upon holding companies.

13 (9) The term “holding company system” means
14 a holding company, together with its subsidiary com-
15 panies.

16 (10) The term “jurisdictional rates” means
17 rates established by the Commission for the trans-
18 mission of electric energy in interstate commerce,
19 the sale of electric energy at wholesale in interstate
20 commerce, the transportation of natural gas in inter-
21 state commerce, and the sale in interstate commerce
22 of natural gas for resale for ultimate public con-
23 sumption for domestic, commercial, industrial, or
24 any other use.

1 (11) The term “natural gas company” means a
2 person engaged in the transportation of natural gas
3 in interstate commerce or the sale of such gas in
4 interstate commerce for resale.

5 (12) The term “person” means an individual or
6 company.

7 (13) The term “public utility” means any per-
8 son who owns or operates facilities used for trans-
9 mission of electric energy in interstate commerce or
10 sales of electric energy at wholesale in interstate
11 commerce.

12 (14) The term “public utility company” means
13 an electric utility company or a gas utility company.

14 (15) The term “State commission” means any
15 commission, board, agency, or officer, by whatever
16 name designated, of a State, municipality, or other
17 political subdivision of a State that, under the laws
18 of such State, has jurisdiction to regulate public util-
19 ity companies.

20 (16) The term “subsidiary company” of a hold-
21 ing company means—

22 (A) any company, 10 percent or more of
23 the outstanding voting securities of which are
24 directly or indirectly owned, controlled, or held

1 with power to vote, by such holding company;
2 and

3 (B) any person, the management or poli-
4 cies of which the Commission, after notice and
5 opportunity for hearing, determines to be sub-
6 ject to a controlling influence, directly or indi-
7 rectly, by such holding company (either alone or
8 pursuant to an arrangement or understanding
9 with one or more other persons) so as to make
10 it necessary for the rate protection of utility
11 customers with respect to rates that such per-
12 son be subject to the obligations, duties, and li-
13 abilities imposed by this Act upon subsidiary
14 companies of holding companies.

15 (17) The term “voting security” means any se-
16 curity presently entitling the owner or holder thereof
17 to vote in the direction or management of the affairs
18 of a company.

19 **SEC. 4. REPEAL OF THE PUBLIC UTILITY HOLDING COM-**
20 **PANY ACT OF 1935.**

21 The Public Utility Holding Company Act of 1935 (15
22 U.S.C. 79a et seq.) is repealed, effective 12 months after
23 the date of enactment of this Act.

1 **SEC. 5. FEDERAL ACCESS TO BOOKS AND RECORDS.**

2 (a) IN GENERAL.—Each holding company and each
3 associate company thereof shall maintain, and shall make
4 available to the Commission, such books, accounts, memo-
5 randa, and other records as the Commission deems to be
6 relevant to costs incurred by a public utility or natural
7 gas company that is an associate company of such holding
8 company and necessary or appropriate for the protection
9 of utility customers with respect to jurisdictional rates for
10 the transmission of electric energy in interstate commerce,
11 the sale of electric energy at wholesale in interstate com-
12 merce, the transportation of natural gas in interstate com-
13 merce, and the sale in interstate commerce of natural gas
14 for resale for ultimate public consumption for domestic,
15 commercial, industrial, or any other use.

16 (b) AFFILIATE COMPANIES.—Each affiliate of a hold-
17 ing company or of any subsidiary company of a holding
18 company shall maintain, and make available to the Com-
19 mission, such books, accounts, memoranda, and other
20 records with respect to any transaction with another affil-
21 iate, as the Commission deems to be relevant to costs in-
22 curred by a public utility or natural gas company that is
23 an associate company of such holding company and nec-
24 essary or appropriate for the protection of utility cus-
25 tomers with respect to jurisdictional rates.

1 (c) HOLDING COMPANY SYSTEMS.—The Commission
2 may examine the books, accounts, memoranda, and other
3 records of any company in a holding company system, or
4 any affiliate thereof, as the Commission deems to be rel-
5 evant to costs incurred by a public utility or natural gas
6 company within such holding company system and nec-
7 essary or appropriate for the protection of utility cus-
8 tomers with respect to jurisdictional rates.

9 (d) CONFIDENTIALITY.—No member, officer, or em-
10 ployee of the Commission shall divulge any fact or infor-
11 mation that may come to his or her knowledge during the
12 course of examination of books, accounts, memoranda, or
13 other records as provided in this section, except as may
14 be directed by the Commission or by a court of competent
15 jurisdiction.

16 **SEC. 6. STATE ACCESS TO BOOKS AND RECORDS.**

17 (a) IN GENERAL.—Upon the written request of a
18 State commission having jurisdiction to regulate a public
19 utility company in a holding company system, and subject
20 to such terms and conditions as may be necessary and ap-
21 propriate to safeguard against unwarranted disclosure to
22 the public of any trade secrets or sensitive commercial in-
23 formation, a holding company or its associate company or
24 affiliate thereof, wherever located, shall produce for in-

1 spection books, accounts, memoranda, and other records
2 that—

3 (1) have been identified in reasonable detail in
4 a proceeding before the State commission;

5 (2) the State commission deems are relevant to
6 costs incurred by such public utility company; and

7 (3) are necessary for the effective discharge of
8 the responsibilities of the State commission with re-
9 spect to such proceeding.

10 (b) EFFECT ON STATE LAW.—Nothing in this section
11 shall preempt applicable State law concerning the provi-
12 sion of books, records, or any other information, or in any
13 way limit the rights of any State to obtain books, records,
14 or any other information under Federal law, contract, or
15 otherwise.

16 (c) COURT JURISDICTION.—Any United States dis-
17 trict court located in the State in which the State commis-
18 sion referred to in subsection (a) is located shall have ju-
19 risdiction to enforce compliance with this section.

20 **SEC. 7. EXEMPTION AUTHORITY.**

21 (a) RULEMAKING.—Not later than 90 days after the
22 date of enactment of this Act, the Commission shall pro-
23 mulgate a final rule to exempt from the requirements of
24 section 5 any person that is a holding company, solely with
25 respect to one or more—

- 1 (1) qualifying facilities under the Public Utility
2 Regulatory Policies Act of 1978;
3 (2) exempt wholesale generators; or
4 (3) foreign utility companies.

5 (b) OTHER AUTHORITY.—If, upon application or
6 upon its own motion, the Commission finds that the books,
7 records, accounts, memoranda, and other records of any
8 person are not relevant to the jurisdictional rates of a pub-
9 lic utility company, or if the Commission finds that any
10 class of transactions is not relevant to the jurisdictional
11 rates of a public utility company, the Commission shall
12 exempt such person or transaction from the requirements
13 of section 5.

14 **SEC. 8. AFFILIATE TRANSACTIONS.**

15 Nothing in this Act shall preclude the Commission
16 or a State commission from exercising its jurisdiction
17 under otherwise applicable law to determine whether a
18 public utility company may recover in rates any costs of
19 an activity performed by an associate company, or any
20 costs of goods or services acquired by such public utility
21 company from an associate company.

22 **SEC. 9. APPLICABILITY.**

23 No provision of this Act shall apply to, or be deemed
24 to include—

- 25 (1) the United States;

1 (2) a State or any political subdivision of a
2 State;

3 (3) any foreign governmental authority not op-
4 erating in the United States;

5 (4) any agency, authority, or instrumentality of
6 any entity referred to in paragraph (1), (2), or (3);
7 or

8 (5) any officer, agent, or employee of any entity
9 referred to in paragraph (1), (2), or (3) acting as
10 such in the course of his or her official duty.

11 **SEC. 10. EFFECT ON OTHER REGULATIONS.**

12 Nothing in this Act precludes the Commission or a
13 State commission from exercising its jurisdiction under
14 otherwise applicable law to protect utility customers.

15 **SEC. 11. ENFORCEMENT.**

16 The Commission shall have the same powers as set
17 forth in sections 306 through 317 of the Federal Power
18 Act (16 U.S.C. 825d–825p) to enforce the provisions of
19 this Act.

20 **SEC. 12. SAVINGS PROVISIONS.**

21 (a) IN GENERAL.—Nothing in this Act prohibits a
22 person from engaging in or continuing to engage in activi-
23 ties or transactions in which it is legally engaged or au-
24 thorized to engage on the effective date of this Act, if that

1 person continues to comply with the terms of any such
2 authorization, whether by rule or by order.

3 (b) EFFECT ON OTHER COMMISSION AUTHORITY.—
4 Nothing in this Act limits the authority of the Commission
5 under the Federal Power Act (16 U.S.C. 791a et seq.)
6 (including section 301 of that Act) or the Natural Gas
7 Act (15 U.S.C. 717 et seq.) (including section 8 of that
8 Act).

9 **SEC. 13. IMPLEMENTATION.**

10 Not later than 12 months after the date of enactment
11 of this Act, the Commission shall—

12 (1) promulgate such regulations as may be nec-
13 essary or appropriate to implement this Act; and

14 (2) submit to the Congress detailed rec-
15 ommendations on technical and conforming amend-
16 ments to Federal law necessary to carry out this Act
17 and the amendments made by this Act.

18 **SEC. 14. TRANSFER OF RESOURCES.**

19 All books and records that relate primarily to the
20 functions transferred to the Commission under this Act
21 shall be transferred from the Securities and Exchange
22 Commission to the Commission.

23 **SEC. 15. EFFECTIVE DATE.**

24 This Act shall take effect 12 months after the date
25 of enactment of this Act.

1 **SEC. 16. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated such funds
3 as may be necessary to carry out this Act.

4 **SEC. 17. CONFORMING AMENDMENT TO THE FEDERAL**
5 **POWER ACT.**

6 Section 318 of the Federal Power Act (16 U.S.C.
7 825q) is repealed.

