

TRIBUTE TO MR. PHILIP C. MUSGRAVE, UPON HIS RETIREMENT AS PRINCIPAL FROM STROM THURMOND HIGH SCHOOL

HON. LINDSEY O. GRAHAM

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 22, 1998

Mr. GRAHAM. Mr. Speaker, I rise today to recognize the remarkable achievements of Philip C. Musgrave. Mr. Musgrave has had a splendid career in education and discipline which has spanned more than three decades. Sadly, we say goodbye to this gentleman, but are grateful for the legacy that remains.

The youth of Edgefield County owe a debt of gratitude to Mr. Musgrave for his firm, but fair style of discipline. When love was absent at home, there was Mr. Musgrave. When the role model was no where to be found, there was Mr. Musgrave. When they needed someone simply to talk to, there was Mr. Musgrave.

As a coach, a teacher and a principal, he has influenced thousands of young men and women. A recognized leader in Edgefield County, he has honed his leadership skills over the years and developed a sense of strong values vital to his many roles. From my contact with him as an educator and a mayor, he has impressed me with those characteristics revered by many; including honor, humility and personal integrity. I have found Mr. Musgrave to be a dedicated man of outstanding character, concerned with the needs of other and with the willingness and ability to lead.

INTRODUCTION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1998

HON. W.J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 22, 1998

Mr. TAUZIN. Mr. Speaker, I am pleased to introduce a bill today to help America's energy consumers by repealing an outdated law that is keeping the best of the new technologies and innovative services from reaching our marketplace. I am pleased to be joined by Reps. BARTON, etc. in introducing this important legislation. Our bill, which is similar to legislation already pending in the Senate, would repeal a New Deal Law, the Public Utility Holding Act of 1935 (PUHCA).

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Securities and Exchange Commission (SEC) made in 1995 following an extensive study by the SEC of the effects of this outdated law on today's energy markets.

It is a law that has 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 competition to America's energy market.

PUHCA was enacted in 1935 to address abuses arising out of pyramided corporate structures at a time when electric utility regula-

tion was just starting at both federal and state level. PUHCA's primary purpose was to dismantle more than 100 complex utility holding company structures that, in many cases, took advantage of weak federal and state regulations to pursue inappropriate business practices. The result of this dismantling is that the number of utility holding companies registered under PUHCA had been reduced to the current 14. These 14 electric and gas utility holding companies are required by PUHCA to operate under arbitrary investment caps that preclude them from investing in areas of need. Other utility companies are exempt from PUHCA's caps, 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 undermines development of regional electricity markets. This inhibits the very competition that Congress has sought to foster in the Energy Policy Act of 1992.

America's natural gas and electric power industries, confronted by lower growth rates, environmental mandates and the need to emphasize conservation, are trying to become more than just suppliers of electricity and natural gas. To succeed in this new economic environment, they must become provider of energy information and services. PUHCA, however, stands in the way of the efforts by our nation's utility industry to serve consumers in a more efficient manner.

The counterproductive restrictions that PUHCA places on these companies 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 60 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.

The ability of State commissions to regular 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 has rendered the 1935 Act unnecessary.

Simply put, America no longer can afford the Public Utility Holding Company Act of 1935. Using conservative estimates, the cost of this law runs into the billions of dollars. Restrictions on the ability of companies registered under PUHCA to diversify range from \$2 billion to \$4.5 billion in present value terms. PUHCA's utility integration restrictions impose social costs between \$1 billion and \$8 billion. In addition, the administrative costs of complying with the 1935 Acts requirements are substantial.

Our legislation would reform 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. Our bill would put gas and electric power companies

on an equal competitive footing, allowing them to take advantage of market opportunities that benefit investors and utility companies.

Our legislation will remove those limitations on registered companies' corporate structures, financing and investments to which they alone have been subject. At the same time, however, under our legislation, registered companies will continue to be subject to all government regulation intended to protect investors to which other industry participants are subject. SEC authority under the 1935 Act, the Trust Indenture Act and State Blue laws will all remain in place. Our bill will assure FERC access to those books, records, accounts, and other documents of holding companies, their affiliates and subsidiaries, that are relevant to costs incurred by a public utility company and are necessary for the protection of consumers with respect to rates.

Our bill also gives the right to inspect books and records that "have been identified in reasonable detail in a proceeding before the State commission, are relevant to costs incurred by such public utility company and are necessary for the effective discharge of the State commission's responsibility with respect to such proceeding."

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 replaced by effective State and Federal legislation and by the realities of today's marketplace. It is time for Congress to act on the recommendations of the SEC and enact our legislation.

FREEDOM FROM RELIGIOUS PERSECUTION ACT OF 1998

SPEECH OF

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 14, 1998

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2431) to establish an Office of Religious Persecution Monitoring, to provide for the imposition of sanctions against countries engaged in a pattern of religious persecution, and for other purposes:

Mr. CRANE. Mr. Chairman, I rise in reluctant opposition to H.R. 2431, the Freedom from Religious Persecution Act. As a Christian, I am always deeply concerned when reports surface about individuals and groups anywhere in the world being persecuted for their faith.

However, like so many situations that face us in the international arena where we seek to change the behavior of other governments, legislation can often do more harm than good, both for the people we seek to help and for U.S. national interests.

With respect to H.R. 2431, there is no evidence that the automatic sanctions triggered by the bill would do anything but incite further