

TRIBUTE TO HOWARD F. HORNE, JR., PH.D., PRESIDENT GENERAL OF THE SONS OF THE AMERICAN REVOLUTION

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1999

Mr. CASTLE. Mr. Speaker, I rise to honor the newly elected President General of the National Society of the Sons of the American Revolution, Howard F. Horne, Jr., Ph.D. I am particularly pleased to recognize Dr. Horne because he lives in Delaware and will be leading the SAR into the next millennium.

Dr. Horne was born and raised in Johnstown, Pennsylvania. He later moved to Elmira, New York where he developed a fondness and talent for distance running. He enrolled at Pennsylvania State University, where he completed his Bachelors, Masters, and Doctorate in Industrial Relations. He was also a member of several National Championship Track and Cross Country Teams for the University.

Dr. Horne enlisted in the army in 1942 and became a Commissioned Officer. He served in World War II and the Korean Conflict in the Counter Intelligence Corps. After completing his degrees at Penn State, Dr. Horne worked for the DuPont Company as a human relations manager. In 1985 Dr. Horne left DuPont to open his own consulting company, Horne Associates. He has previously served as the President of the Chamber of Commerce and the United Way in Waynesboro, Virginia. Dr. Horne has now retired to devote his full attention to SAR.

The Delaware chapter of the Sons of the American Revolution recognized his leadership beginning in 1987 when he was elected to two terms as Treasurer and two terms as President. He also served as the Vice President General of the Mid-Atlantic district. At the national level, Dr. Horne was elected to serve nine years on the Executive Committee of the National Society, as well as holding the offices of Registrar General, Treasurer General and Secretary General. He has been a member of numerous committees, and personally recruited and sponsored over sixty members. Dr. Horne was responsible for drafting the Society's membership manual and the chapters' "how-to" manual. The National Society has honored him with the Minuteman Award, Patriot Medal, Liberty Medal, Silver Good Citizenship Medal, War Service Medal, Stewart B. McCarty Award, two certificates of Distinguished Service, and Fifteen Certificates of Appreciation. He also received the Distinguished Service Medal, Meritorious Service Medal, and the Centennial Medal.

Dr. Horne is married to Nancy Jean Meyer, and has two sons, Chip and Gary, both of whom are members of SAR. He has three grandchildren, two of whom are members of C.A.R. Dr. Horne has also served as a Deacon and an Elder in the Presbyterian church.

I congratulate the Sons of the American Revolution in their outstanding choice of Dr. Howard F. Horne, Jr. as President General. They could not have made a better choice to lead them into the new millennium.

INTRODUCTION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1999

HON. W.J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 25, 1999

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 twenty-one of my colleagues in introducing this important legislation. Our bill, which is almost identical to legislation passed out of the Senate Banking Committee, would repeal a New Deal Law, the Public Utility Holding Company 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.

PUHCA 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 pyramid corporate structures at a time when electric utility regulation 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 has 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 providers 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 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 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 in to the billions of dollars. Restrictions of 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 Sky 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 states 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 been replaced by