



FEDERAL ENERGY REGULATORY COMMISSION

Date April 17, 2008
Docket No. EC08-40-000
Item No. E-12

Commissioner Suedeen G. Kelly

**Statement of
Commissioner Suedeen G. Kelly
on
Puget Energy, Inc.**

“Repeal of the Public Utility Holding Company Act (PUHCA) of 1935 opened the door for new and different corporate combinations to become owners of public utilities, potentially providing needed investment to the utility industry. Here we have evidence that that potential has become a reality with the consortium of investors lead by the Macquarie Group. In repealing PUCHA, Congress entertained concerns, and some of the concerns raised were about the possibility of having new types of owners and that utilities might become too complex to be effectively regulated. Business groups outside the utility industry worried that utilities could perhaps use their monopolies to provide electricity and natural gas service to unfairly compete in other businesses. Consumers worried that utilities could become part of more risky financial structures. In response to those concerns, the Applicants here have proposed their own ring-fencing provisions. I am pleased that, in this order, we recognize the importance of those provisions. We not only defer to the State of Washington, but for the first time, in this order, we condition our approval on the State of Washington adopting those ring-fencing provisions. I think that we have taken the appropriate steps to show that we are concerned about cross-subsidization, including expressing that concern at the approval stage of mergers, and I am pleased to vote for this order. Thank you”.