



**Federal Energy Regulatory Commission
July 19, 2007
Open Commission Meeting
Statement of
Commissioner Philip D. Moeller**

Items E-1, E-2, and E-3: FPA Section 203 Supplemental Policy Statement (Docket No. PL07-1-000), Cross-Subsidization Restrictions on Affiliate Transactions (RM07-15-000), and Blanket Authorization Under FPA Section 203 (Docket No. RM07-21-000)

"As a Commission, we have a responsibility to ratepayers and the public utilities to provide guidance on the application of our authority expanded under Energy Policy Act of 2005. Today's actions shed light on the Commission's merger and corporate review policies to allow industry members flexibility when they engage in transactions as well as mergers and acquisitions, while protecting ratepayers from unauthorized cross-subsidization by utility and non-utility affiliates. These three decisions show that the Commission is listening to concerns raised by various sectors of the industry and attempting to address them.

First, we are issuing a supplemental policy statement that discusses, among other things, "safe harbor" transactions that are unlikely to raise cross-subsidization issues, our interaction with states with regard to ring-fencing provisions, generic blanket authorizations versus case-specific authorizations for certain transactions.

Second, a proposed rule sets out certain restrictions, which are not new, but being codified for the first time to impose uniform cross-subsidy pricing restrictions on power and non-power goods and services transactions between franchised public utilities with captive customers and their market-regulated power sales affiliates or non-utility affiliates.

Third, a proposed rule codifies a limited blanket authorization to allow dispositions of limited voting interests (less than 10 percent in aggregate to holding companies and its affiliates) to accommodate additional investment and market liquidity in the electric industry, but importantly protects captive customers and fosters competition.

I support these actions and look forward to comments in the rulemaking proceedings that educate us so that we can draft effective regulations."