



**Federal Energy Regulatory Commission
July 19, 2007
Open Commission Meeting
Statement of
Commissioner Jon Wellinghoff**

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)

“Undue affiliate preferences can result in anti-competitive market effects and higher costs that harm customers. The Commission uses a number of tools to protect customers against those threats.

I am pleased to support this package of orders, which takes several steps to protect customers against inappropriate cross-subsidization between regulated utilities and their unregulated affiliates.

First, in our Supplemental Policy Statement on section 203 of the Federal Power Act, we recognize that states have an important role to play in protecting customers against inappropriate cross-subsidization in the context of corporate transactions. But we also recognize the authority on this issue that Congress assigned to the Commission in EAct 2005, and we make clear that the Commission will take action where state measures are inadequate to protect wholesale customers.

Second, we are issuing a Notice of Proposed Rulemaking on cross-subsidization that would reinforce existing Commission policy by codifying uniform affiliate restrictions in our regulations.

I would like to thank our Staff for its hard work on these orders.”