

## **Chairman Joseph T. Kelliher's Statement on PUHCA Reform**

I want to thank my colleagues for their work on this proposed rule (Docket No. RM05-32-000) and thank the Staff for their labors. This is a 120-day item for us. We have to issue final rules to implement the PUHCA repeal provisions of the law within 120 days of enactment, and the clock is running. This is actually a more complicated matter than it appears at first blush, so I want to especially commend the Staff for their work.

This proposed rule would implement the PUHCA repeal provisions of the Energy Policy Act of 2005, and it represents the third major action the Commission has taken to implement the new law within the past month. There have been some concerns about what the impact of PUHCA repeal might be on consumers, and I want to offer some reassurance on that score.

Twenty-five years ago, the D.C. Circuit said: "of the Commission's primary task, there is no doubt, however, and that is to guard the consumer from exploitation by non-competitive electric power companies." That is our central charge in the area of electric regulation. That was true before PUHCA repeal, it is true after PUHCA repeal, and we will honor that responsibility. And now, we have new and better tools to actually discharge that duty.

At the same time Congress repealed PUHCA, it granted the Commission new authority to protect consumers. It established an express prohibition of market manipulation. It gave us new authority to prevent the accumulation and exercise of generation market power. It gave us significant penalty authority, it authorized us to assure greater price transparency, and it required that we look at cross-subsidization at the point of merger. So we have these new tools, and we will exercise them.

Let me add that the Commission has been moving to assure a smooth transition from the Securities and Exchange Commission (SEC) to the Commission. I personally met with SEC Chairman Cox last month and the Commission Staff has had a number of meetings with the SEC staff. I was very impressed with Chairman Cox's commitment to a smooth transition to FERC.

September 21, 2005