

Resolution Regarding Registered Public Utility Holding Companies
and Internationalization

WHEREAS, The Securities and Exchange Commission (SEC) is seeking comment on various issues surrounding the acquisition of United States utilities by foreign companies that will register as holding companies following the transaction; and

WHEREAS, Three foreign companies engaged in the utility or energy business, ScottishPower plc, National Grid Group plc, and Britain's Power Gen have announced plans to acquire U.S. utilities or public utility holding companies; and

WHEREAS, ScottishPower has filed with the SEC its Form U5A, notification of registration as a holding company under the Public Utility Holding Company Act of 1935 (PUHCA); and

WHEREAS, There is a concern that foreign ownership could impose impediments to State regulators' inspection authority and access to books and records regarding financial transactions, cost allocations, and affiliate transactions; and

WHEREAS, It does not appear that the Energy Policy Act of 1992 (EPACT) provisions of the PUHCA can be effectively applied to regulate foreign utility company operations; and

WHEREAS, The PUHCA and the EPACT are silent regarding the acquisition of a U.S. utility or public utility holding company by a foreign company; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) convened in its March 2000 Winter Meeting in Washington D.

C., that the burden of demonstrating that an acquisition of a U.S. utility system is in the public interest should be the same regardless of whether the acquiring company is foreign or domestic; *and be it further*

RESOLVED, That the acquiring company should guarantee that U.S. regulatory authorities will have complete access to all books and records regarding financial transactions, cost allocations, and affiliate transactions impacting the U.S. utility; *and be it further*

RESOLVED, That the acquiring company should be required to guarantee that the ratepayers of the acquired utility shall be held harmless if the acquisition results in a higher revenue requirement for the utility than if the acquisition had not occurred.

Sponsored by the Committee on Finance and Technology
Adopted by the NARUC Board of Directors, March 8, 2000.