

Resolution on Proposals to Amend the "National Communications Competition and Infrastructure Act" (H.R. 3636) Regarding the Entry of Electric Utilities into the Telecommunications Industry

WHEREAS, NARUC supports the overall objectives of H.R. 3636 to open markets to competition and to preserve universal service, albeit with strong preference for amendments to rebalance Federal/State jurisdictional responsibilities; *and*

WHEREAS, Under current law some electric utilities (which are not public utility holding companies and electric utilities which have received exemption from registration under the Public Utility Holding Company Act (PUHCA)) are able to enter the communications marketplace without Securities and Exchange Commission oversight under PUHCA; *and*

WHEREAS, The electric utilities which are registered holding companies under the PUHCA seek parity in access to competing in the communications market; *and*

WHEREAS, The electric utility companies have created internal telecommunications networks essential for the control of their electric systems and are expanding the use of those networks for such purposes, in addition to demand-side management purposes, and seek to make their reserve telecommunications capacity available to others; *and*

WHEREAS, Congress has already provided registered holding companies with significant exemption from PUHCA to engage in competitive activities, and the effects of those exemptions on captive ratepayers are yet to be assessed; *and*

WHEREAS, Abuses from electric utility involvement in the communications industry are potentially as problematic for exempt holding companies as for registered; *and*

WHEREAS, Concerns about abuses such as cross-subsidies and excessive risks and charges to captive ratepayers of regulated utilities, especially those which are part of a complex holding company structure, are still warranted; *and*

WHEREAS, Although Congress made significant changes to the structure of the electric industry in the Energy Policy Act, it has yet to comprehensively review and resolve regulatory gaps and jurisdictional incongruities; *now, therefore, be it*

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners, convened at its 1994 Winter Meetings in Washington, D.C., urges Congress, before it provides any further statutory exemptions from PUHCA for registered or exempt holding companies, to examine fully and carefully the potential effects of allowing electric utilities to diversify into the provision of communications services to others; *and be it further*

RESOLVED, That if Congress decides to further amend PUHCA in conjunction with telecommunications legislation or exempt the registered holding companies from PUHCA with regard to telecommunications activities, that it not preempt State regulation from providing appropriate consumer protections on the same basis as other electric utilities and new entrants.

*Sponsored by the Committee on Electricity
Adopted March 2, 1994*