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United States Government Accountability Office
Washington, DC 20548

September 1, 2004

The Honorable John D. Dingell
Ranking Member, Committee on Energy and Commerce
House of Representatives

The Honorable Edward J. Markey
Member, Committee on Energy and Commerce
House of Representatives

Subject: Securities and Exchange Commission's Administration
and Enforcement of the Public Utility Holding
Company Act of 1935

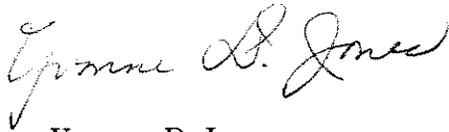
Concerning your letter of August 18, 2004 to the Comptroller General requesting a GAO study of the Securities and Exchange Commission's administration and enforcement of the Public Utility Holding Company Act, we met with your staff on August 26, 2004, to gain a further understanding of your needs.

Due to the complexity of this issue, we need to proceed with a separate design phase. The purpose of this letter is to set forth the study objectives. The overall objectives of our work will be to assess:

- 1) The Office of Public Utility Regulation (OPUR)'s process for reviewing exemptions—filed as either self-certifications or applications—to the act;
- 2) OPUR's process for reviewing registered companies for compliance with the act;
- 3) How SEC determines whether companies have a “controlling interest” in public utilities or utility holding companies and how it ensures that investments in these entities do not harm consumers; and
- 4) OPUR's process for issuing no-action letters and how this process differs from processes for issuing these letters in other SEC offices or in other federal agencies.

We will remain in contact with your staff, and at the end of the design phase, we will provide you with a projected completion date for the total study. Should you have any questions, please contact me on (202) 512-2717, jonesy@gao.gov or, Karen Tremba, Assistant Director, on (202) 512-3113, trembak@gao.gov.

Sincerely yours,

A handwritten signature in cursive script that reads "Yvonne D. Jones".

Yvonne D. Jones
Acting Director, Financial Markets
and Community Investment

cc: Consuela Washington
Sue Sheridan
Jeff Duncan