those companies "organized and operating in a State under the laws of which its security issues are regulated by a State commission." By virtue of this provision, this Commission would have had no jurisdiction over the present security issues if Applicant had happened to be incorporated not in Maine but in one of the states in which it operates and in which security issues of domestic utilities are subject to scrutiny by the state commission. Thus, any securities issued by the company building the southern half of the Klamath Falls-Round Mountain line would not come before this Commission. Furthermore, under Section 318, a security issue which is subject to the regulation of the Securities and Exchange Commission under the Public Utility Holding Act is withdrawn from the jurisdiction of this Commission. Under Section 204(e) our authority is further restricted, for it does not extend to notes of less than a year's maturity aggregating less than 5% of the company's outstanding securities. If Congress had intended Section 204 to do service as a grant of certificating authority, it would hardly have confined the exercise of that authority to the relatively few companies which are not exempted from that Section.

The plain purpose of Section 204 is to prevent the issuance of securities which might impair the company's financial integrity or its ability to perform its public utility responsibilities. The Senate Committee report on the bill which included the present Section 204 stressed that "control over capitalization of operating utilities is plainly an essential means of safeguarding the public against unsound financial practices which make impossible the proper and most economic performance of public utility functions." 9/ The concern with "financial practices" is further indicated by the fact that the criteria for approval of security issues in Section 204(a) are copied almost verbatim from Section 20a of the Interstate Commerce Act, 10/ a measure which was enacted as part of the Transportation Act of 1920 in an effort to put an end to abuses which had threatened many railroads with bankruptcy. For several years prior to 1920, the Interstate Commerce Commission, in response to resolutions passed by the Senate and requests by the House of Representatives, had conducted numerous investigations into the financial dealings of certain carriers. The theme of its diagnosis of the railroad problem was that "a most prolific source of financial disaster and complication to railroads in the past has been the desire and ability of railroad managers to engage in enterprises outside the legitimate operation of their railroads, especially by the acquisition of other railroads and their securities." 11/ It was to cure this evil that the Commission recommended that "every interstate railroad should

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9/ See Senate Report No. 621, Senate Committee on Interstate Commerce, 74th Cong., 1st Sess. (1935), p. 50.

10/ 41 Stat. 494; 49 U.S.C. § 20a.

11/ The New England Investigation (No. 4845), 27 I.C.C. 4560, 616 (1913).