
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION PROPOSES RULES ON HOLDING COMPANY ACT REFORM

The Federal Energy Regulatory Commission today proposed rules to implement the repeal of the Public Utility Holding Company Act of 1935, and to enact the Public Utility Holding Company Act of 2005 (PUHCA 2005).

“Today we take our third major action to implement the Energy Policy Act of 2005. This proposed rule would repeal the Public Utility Holding Company Act, as provided by Congress. PUHCA repeal will free up new avenues of capital investment in the electricity and gas industries to strengthen our energy infrastructure and support competitive markets,” said Commission Chairman Joseph T. Kelliher. “The Commission is working closely with the Securities and Exchange Commission to assure a smooth transition,” Chairman Kelliher added.

In today’s proposed rule, the Commission noted that Congress in the Energy Policy Act not only gave the Commission new Holding Company Act responsibilities, but also significantly enhanced the Commission’s authority over mergers, acquisitions and dispositions of jurisdictional assets by public utilities.

The Commission said its existing authority under the Federal Power Act and Natural Gas Act, “in combination with our enhanced authority over public utility mergers, acquisitions and dispositions of jurisdictional facilities, and our new PUHCA 2005 authority, provide a sound framework to protect customers. To the extent that additional rulemakings or orders may be needed to protect customers adequately, the Commission will take appropriate actions in the future.”

The Energy Policy Act repeals the 70-year-old Holding Company Act, which established a regulatory regime overseen by the U.S. Securities and Exchange Commission, and replaces it with a new regulatory regime involving access to holding company books and records by the Federal Energy Regulatory Commission and state utility regulators.

Congress mandated that the new Holding Company Act take effect within six months of August 8, 2005, when President Bush signed the energy bill into law. The Commission is required to finalize new Holding Company Act rules and to report to Congress recommendations on any necessary technical and conforming statutory amendments within four months. The Commission then has 90 days beyond the February 2006 effective date to finalize a rule exempting certain holding company systems with qualifying facilities, exempt wholesale generators and foreign utility companies from the federal access to books and records provisions of PUHCA 2005.

All rulemaking requirements of PUHCA 2005 are addressed in today's Notice of Proposed Rulemaking, in which the Commission proposes to add a new Part 366, and to remove Part 365, in Title 18 of the Code of Federal Regulations to implement PUHCA 2005. The proposal also asks comment on what Securities and Exchange Commission requirements under the old Holding Company Act regulatory regime should be maintained under the new PUHCA 2005.

The Commission also is seeking comment on a proposal to remove its exempt wholesale generator rules, as they are unnecessary under the new Holding Company Act statutory regime established by the Energy Policy Act of 2005.

Comments are due 21 days after publication in the Federal Register. More information is available at www.ferc.gov.