

Congress Repeals PUHCA in Energy Bill

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As a component of the recently enacted energy legislation, Congress included a provision that repeals the Public Utilities Holding Company Act (PUHCA) effective February 8, 2006. Congress repealed PUHCA largely on the basis that its provisions were outdated and that the law constituted unnecessary regulation of public utility holding companies.

Congress originally passed PUHCA in 1935, and the law dealt extensively with the regulation of all aspects of public utility holding company activity. Up until February 8, 2006, PUHCA prohibits public utility holding companies from contributing to the election of any federal, state or local candidate or to any federal or state political party. Since this prohibition superseded state campaign finance regulations, public utility holding companies that would otherwise be able to contribute on a state level were restricted from doing so. As a result of PUHCA's repeal, state and local campaign finance laws will govern whether public utilities holding companies may make state and/or local contributions after February 8, 2006. Federal campaign finance laws, however, will continue to prohibit public utility holding companies from making contributions or expenditures in connection with federal elections.

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