

THE WHITE HOUSE

WASHINGTON

November 5, 1986

MEMORANDUM FOR PETER J. WALLISON

FROM: PETER D. KEISLER *POK*

SUBJECT: Enrolled Bill S. 2000 - An Exemption
from Application of the Public Utility
Holding Company Act of 1935

The attached memorandum from David Chew requests our recommendation concerning the above-referenced enrolled bill, which would exempt the Cabot Corporation from most of the requirements of the Public Utility Holding Company Act of 1935. Cabot is a multinational corporation, and one percent of its revenues comes from the sale of natural gas in West Virginia. Cabot and the West Virginia Public Service Commission have recently entered into a settlement agreement which requires the corporation to restructure its natural gas utility into a wholly-owned subsidiary. This will make Cabot a public utility holding company under the Public Utility Holding Company Act and mandate the divestiture of the remaining 99% of its business. Enrolled Bill S. 2000 would exempt Cabot from these requirements.

This seems an acceptable de minimus exception to the definition of holding companies under the Act. I see no reason to object, and have attached for your review and signature a draft memorandum to David Chew advising him that Counsel's Office does not object to approval of Enrolled Bill S. 2000.

Attachments