

SENATE BILL REPORT

HB 1610

As Reported By Senate Committee On:
Energy & Utilities, March 25, 1997

Title: An act relating to exempting regulated utilities from seeking commission preapproval of some short-term notes having a maturity of twelve or fewer months.

Brief Description: Exempting regulated utilities from seeking commission preapproval of some short-term notes having a maturity of twelve or fewer months.

Sponsors: Representatives DeBolt, Poulsen, Mastin, Hankins and Kessler; by request of Utilities & Transportation Commission.

Brief History:

Committee Activity: Energy & Utilities: 3/20/97, 3/25/97 [DP].

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Brown, Jacobsen, Rossi and Strannigan.

Staff: Diane Smith (786-7410)

Background: A public service company— is a natural gas, electricity, telecommunications, or water company whose rates and services are regulated by the Washington Utilities and Transportation Commission (WUTC).

The state has the authority to regulate security issuances by public service companies, and public service companies may issue securities only in accordance with applicable laws and regulations prescribed by the WUTC.

Prior to 1994, the law required public service companies to apply to the WUTC for approval before issuing securities. However, public service companies could issue short-term notes meeting certain conditions without the prior consent of the WUTC.

Prior consent of the WUTC was not needed if the total value of the note or notes, combined with all of the company's other outstanding notes and drafts with a maturity of 12 months or less, was not more than 5 percent of the par value of the company's other outstanding securities. If the short-term note met the following conditions, it also did not need prior approval: (1) the note could not be a demand note; (2) the note had to be payable within 12 months after the date of issuance; (3) the note could not be refunded by any issue of stock or other evidence of ownership, or bonds or other evidence of indebtedness; and (4) if more than one note was issued as part of a single borrowing transaction, the notes had to total less than \$1 million and be payable at periods of less than 12 months.

In 1994, the Legislature repealed the provision that required public service companies to apply to the WUTC for approval prior to issuing securities. The Legislature also repealed the provision exempting short-term notes from the application requirement. At the same time, the Legislature enacted provisions requiring a public service company to file a notice with the WUTC prior to issuing securities. The notice must: (1) describe the purpose of the issuance; (2) describe the issuance itself, including the terms of financing; and (3) state why the transaction is in the public interest.

Companies failing to comply with statutory requirements regarding securities issuances are subject to civil penalties; individuals failing to comply are guilty of a gross misdemeanor.

Summary of Bill: Issuances of short-term notes by public service companies are exempt from filing with the WUTC prior to issuance, if those notes meet the same conditions that short-term notes had to meet before 1994.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Without this bill the WUTC would have to accept filings from utilities for all their securities issuances. That would not be in the public interest.

Testimony Against: None.

Testified: Teresa Osinski, WUTC (pro).