

**Chapter 80.08 RCW
SECURITIES**

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RCW 80.08.010 Definition. The term "public service company", as used in this chapter, shall mean every company now or hereafter engaged in business in this state as a public utility and subject to regulation as to rates and service by the utilities and transportation commission under the provisions of this title. [1961 c 14 s 80.08.010. Prior: 1959 c 248 s 2; 1953 c 95 s 4; 1933 c 151 s 1, part; RRS s 10439-1, part.]

RCW 80.08.020 Control vested in state. The power of public service companies to issue stocks and stock certificates or other evidence of interest or ownership, and bonds, notes and other evidences of indebtedness and to create liens on their property situated within this state is a special privilege, the right of supervision, regulation, restriction, and control of which is and shall continue to be vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe. [1961 c 14 s 80.08.020. Prior: 1933 c 151 s 2; RRS s 10439-2.]

RCW 80.08.030 Authority to issue. A public service company may issue stock and stock certificates or other evidence of interest or ownership, or bonds, notes or other evidence of indebtedness payable on demand or at periods of more than twelve months after the date thereof, for the following purposes only: The acquisition of property, or the construction, completion, extension, or improvement of its facilities, or the improvement or maintenance of its service, or the

issuance of stock dividends, or the discharge or refunding of its obligations, or the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the company not secured by or obtained from the issue of stock or stock certificates or other evidence of interest or ownership, or bonds, notes or other evidence of indebtedness of the company for any of the aforesaid purposes except maintenance of service, in cases where the applicant keeps its accounts and vouchers for such expenditures in such manner as to enable the commission to ascertain the amount of money so expended and the purpose for which the expenditure was made. [1961 c 14 s 80.08.030. Prior: 1953 c 95 s 5; 1937 c 30 s 1; 1933 c 151 s 3; RRS s 10439-3.]

RCW 80.08.040 Prior to issuance—Filing required—Contents—

Request for order establishing compliance. Any public service company that undertakes to issue stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidences of indebtedness shall file with the commission before such issuance:

(1) A description of the purposes for which the issuance is made, including a certification by an officer authorized to do so that the proceeds from any such financing is for one or more of the purposes allowed by this chapter;

(2) A description of the proposed issuance including the terms of financing; and

(3) A statement as to why the transaction is in the public interest.

(4) Any public service company undertaking an issuance and making a filing in conformance with this section may at any time of such filing request the commission to enter a written order that such company has complied with the requirements of this section. The commission shall enter such written order after such company has provided all information and statements required by subsections (1), (2), and (3) of this section. [1994 c 251 s 1; 1987 c 106 s 1; 1961 c 14 s 80.08.040. Prior: 1933 c 151 s 4; RRS s 10439-4.]

RCW 80.08.043 Issuance of notes—Compliance with RCW 80.08.040—

Exceptions. A public service company may issue notes, except demand notes, for proper purposes and not in violation of any provision of this chapter, or any other law, payable at periods of not more than twelve months after the date of issuance, without complying with the requirements of RCW 80.08.040, but no such note may be refunded, in whole or in part, by any issue of stock or stock certificates or other evidence of interest or ownership, or bonds, notes, or other evidence of indebtedness, without compliance with RCW 80.08.040. However, compliance with RCW 80.08.040 is required for the issuance of any note or notes issued as part of a single borrowing transaction of one million dollars or more payable at periods of less than twelve months after the date of issuance by any public service company that is subject to the federal power act unless such note or notes aggregates together with all other then outstanding notes and drafts of a maturity of twelve months or less on which such public service company is primarily or secondarily liable not more than five percent of the par value of other securities of such company then outstanding, computed, in the case of securities having no par value, on the basis

of the fair market value as of the date of issuance. [1997 c 162 s 1.]

RCW 80.08.047 Commission may exempt certain issuances—Order or rule—Public interest. The commission may from time to time by order or rule, and subject to such terms and conditions as may be prescribed in the order or rule, exempt any security or any class of securities for which a filing is required under this chapter or any electrical or natural gas company or class of electrical or natural gas company from the provisions of this chapter if it finds that the application of this chapter to such security, class of securities, electrical or natural gas company, or class of electrical or natural gas company is not required by the public interest. [1997 c 15 s 1.]

RCW 80.08.080 Capitalization of franchises or merger contracts prohibited. The commission shall have no power to authorize the capitalization of the right to be a corporation, or to authorize the capitalization of any franchise or permit whatsoever or the right to own, operate or enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right; nor shall any contract for consolidation or lease be capitalized, nor shall any public service company hereafter issue any bonds, notes or other evidences of indebtedness against or as a lien upon any contract for consolidation or merger. [1961 c 14 s 80.08.080. Prior: 1933 c 151 s 7; RRS s 10439-7.]

RCW 80.08.090 Accounting for disposition of proceeds. The commission shall have the power to require public service companies to account for the disposition of the proceeds of all sales of stocks and stock certificates or other evidence of interest or ownership, and bonds, notes and other evidences of indebtedness, in such form and detail as it may deem advisable, and to establish such rules and regulations as it may deem reasonable and necessary to insure the disposition of such proceeds for the purpose or purposes specified in its order. [1961 c 14 s 80.08.090. Prior: 1933 c 151 s 8; RRS s 10439-8.]

RCW 80.08.100 Issuance made contrary to this chapter—Penalties. If a public service company issues any stock, or other evidence of interest or ownership, bond, note, or other evidence of indebtedness contrary to the provisions of this chapter, the company may be subject to penalty under RCW 80.08.110 and 80.08.120. [1994 c 251 s 2; 1961 c 14 s 80.08.100. Prior: 1933 c 151 s 9; RRS s 10439-9.]

RCW 80.08.110 Penalty against companies. Every public service company which, directly or indirectly, issues or causes to be issued, any stock or stock certificate or other evidence of interest or ownership, or bond, note, or other evidence of indebtedness, in nonconformity with the provisions of this chapter, or which applies

the proceeds from the sale thereof, or any part thereof, to any purpose other than the purpose or purposes allowed by this chapter, shall be subject to a penalty of not more than one thousand dollars for each offense. Every violation shall be a separate and distinct offense and in case of a continuing violation every day's continuance thereof shall be deemed to be a separate and distinct offense.

The act, omission, or failure of any officer, agent, or employee of any public service company acting within the scope of his or her official duties or employment, shall in every case be deemed to be the act, omission, or failure of such public service company. [2013 c 23 s 280; 1994 c 251 s 3; 1961 c 14 s 80.08.110. Prior: 1933 c 151 s 11; RRS s 10439-11.]

RCW 80.08.120 Penalty against individuals. Every officer, agent, or employee of a public service company, and every other person who knowingly authorizes, directs, aids in, issues or executes, or causes to be issued or executed, any stock or stock certificate or other evidence of interest or ownership, or bond, note or other evidence of indebtedness contrary to the provisions of this chapter, or who knowingly makes any false statement or representation or with knowledge of its falsity files or causes to be filed with the commission any false statement or representation, or causes or assists to be applied the proceeds or any part thereof, from the sale of any stock or stock certificate or other evidence of interest or ownership, or bond, note or other evidence of indebtedness, to any purpose not allowed by this chapter, or who, with knowledge that any stock or stock certificate or other evidence of interest or ownership, or bond, note or other evidence of indebtedness, has been issued or executed in violation of any of the provisions of this chapter, negotiates, or causes the same to be negotiated, shall be guilty of a gross misdemeanor. [1994 c 251 s 4; 1961 c 14 s 80.08.120. Prior: 1933 c 151 s 12; RRS s 10439-12.]

RCW 80.08.130 Assumption of obligation or liability—Compliance with filing requirements. Any public service company that assumes any obligation or liability as guarantor, indorser, surety or otherwise in respect to the securities of any other person, firm or corporation, when such securities are payable at periods of more than twelve months after the date thereof, shall comply with the filing requirements of RCW 80.08.040. [1994 c 251 s 5; 1961 c 14 s 80.08.130. Prior: 1933 c 151 s 13; RRS s 10439-13.]

RCW 80.08.140 State not obligated. No provision of this chapter, and no deed or act done or performed under or in connection therewith, shall be held or construed to obligate the state of Washington to pay or guarantee, in any manner whatsoever, any stock or stock certificate or other evidence of interest or ownership, or bond, note or other evidence of indebtedness, authorized, issued or executed under the provisions of this chapter. [1961 c 14 s 80.08.140. Prior: 1933 c 151 s 14; RRS s 10439-14.]

RCW 80.08.150 Authority of commission—Not affected by requirements of this chapter. No action by a public service company in compliance with nor by the commission in conformance with the requirements of this chapter may in any way affect the authority of the commission over rates, service, accounts, valuations, estimates, or determinations of costs, or any matters whatsoever that may come before it. [1994 c 251 s 6.]

RCW 80.08.160 Small local exchange company—Chapter does not apply. Subject to RCW 80.04.530(1), this chapter does not apply to a local exchange company that serves less than two percent of the access lines in the state of Washington. [1995 c 110 s 2.]