

HOUSE BILL REPORT

HB 1610

As Passed Legislature

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: By House Committee on Energy & Utilities (originally sponsored by Representatives DeBolt, Poulsen, Mastin, Hankins and Kessler; by request of Utilities & Transportation Commission).

Brief History:

Committee Activity:

Energy & Utilities: 2/18/97, 2/25/97 [DP].

Floor Activity:

Passed House: 3/6/97, 94-0.

Passed Legislature.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass. Signed by 12 members: Representatives Crouse, Chairman; DeBolt, Vice Chairman; Mastin, Vice Chairman; Poulsen, Ranking Minority Member; Morris, Assistant Ranking Minority Member; Bush; Cooper; Honeyford; Kessler; Mielke; Mulliken and B. Thomas.

Staff: Margaret Allen (786-7110).

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 are to 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. Public service companies could issue short-term notes meeting certain conditions without the prior consent of the WUTC, however.

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, the company could issue the note or notes without applying for prior WUTC approval. Otherwise, the short-term note had to meet the following conditions: (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 requiring 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: Public service companies may issue short-term notes without filing a prior notice with the WUTC, if those notes meet the same conditions 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: The statutory provision exempting companies from having to file information regarding short-term notes with the WUTC was inadvertently repealed in 1994. This bill reinstates that provision. Filing information regarding short term notes with the WUTC is burdensome to companies and to the WUTC, and is of little or no benefit.

Testimony Against: None.

Testified: Teresa Osinski, Washington Utilities and Transportation Commission.