

SENATE BILL REPORT

SHB 1658

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

Title: An act relating to the regulation.

Brief Description: Authorizing the utilities and transportation commission to exempt electrical and natural gas companies from securities regulation.

Sponsors: House Committee on Energy & Utilities (originally sponsored by Representatives Honeyford, Poulsen, Cooper, Crouse and Mastin).

Brief History:

Committee Activity: Energy & Utilities: 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).

Public service companies are to issue securities only in accordance with applicable laws and regulations prescribed by WUTC. The Federal Energy Regulatory Commission will regulate security issuances by a public utility only if those issues are not regulated by the public utility commission of the state in which the utility is organized and operating.

Prior to 1987, the law expressly required a public service company to apply to WUTC for authorization prior to issuing securities other than short-term notes, and required WUTC approval of the final terms of the issuance before giving the authorization. If the company conducted business in another state as well as in Washington, WUTC could approve issuances jointly with the appropriate agency or agencies of the other state. WUTC adopted regulations governing security issuances by public service companies.

In 1987, the Legislature authorized WUTC to permit a public service company to issue securities based on reasonable estimates of the final terms, and allowed the company to complete the transaction if the final terms were within a range of conditions established by WUTC.

In 1994, at WUTC's request, the Legislature repealed the explicit requirement that a public service company apply to WUTC for approval prior to issuing securities, repealed the

language authorizing WUTC to jointly approve issuances with other states, and repealed a variety of related provisions. But, the Legislature required a public service company to file a notice with 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. A company fulfilling these prerequisites can require WUTC to enter a written order stating the company has provided the necessary information and statements.

In 1995, WUTC adopted a rule requiring public service companies, within 30 days of issuing securities, to file with WUTC a letter setting forth the final terms and conditions of the issuance.

Summary of Bill: WUTC is authorized to exempt from statutory requirements regarding WUTC oversight or regulation of security issuances (1) any security or class of securities for which a filing to WUTC is required by law; or (2) any electrical or natural gas company, or class of electrical or natural gas company.

Before granting the exemption, WUTC must find the public interest does not require compliance with the statutory requirements.

WUTC may create the exemption by order or rule, and may impose terms and conditions on the exemption.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill facilitates a streamlined process for securities issuances so that public service companies operating in multiple states need not file needlessly repetitive statements with WUTC.

Testimony Against: None.

Testified: PRO: Representative Honeyford, prime sponsor; Collins Sprague, Washington Water Power Company.