

SENATE BILL REPORT

SB 5371

As Passed Senate, March 6, 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: Senators Rossi, Brown, Hochstatter, Strannigan and Winsley; by request of Utilities & Transportation Commission.

Brief History:

Committee Activity: Energy & Utilities: 2/3/97, 2/13/97 [DP].
Passed Senate, 3/6/97, 46-0.

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass.

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

Staff: Diane Smith (786-7410)

Background: Public service companies are companies engaged in business in this state as public utilities and are subject to regulation of their rates and services by the Utilities and Transportation Commission (UTC). The UTC regulates in the public interest by administering the pertinent laws of the state. The state of Washington has reserved to itself full control of public service companies' issuances of securities. The statutes authorizing public service companies to issue these securities define the power to make these issuances as a special privilege. A condition on the exercise of this privilege is the statutory requirement that all issuances of debt or equity financing be filed with the UTC. This filing must describe the purpose of the issuance, a brief description of it including the terms of financing and a statement as to why the transaction is in the public interest. The filing must be made before the securities are issued.

A public service company's authority to issue securities that are payable on demand or at periods of more than 12 months is allowed only for the purposes specified in statute.

Summary of Bill: Issuances of nonrefundable notes payable at periods of not more than 12 months are exempt from the statutory requirement to file with the UTC before the issuance. This exemption does not extend to notes payable at periods of not more than 12 months which are issued as part of a single borrowing transaction of \$1 million or more by a public service company subject to the Federal Power Act. However, if in a \$1 million or more transaction, the notes and all other outstanding notes of a maturity of 12 months or less,

aggregate to be not more than 5 percent of the par value of the company's other securities then outstanding, then the issuance is exempt from the pre-filing requirement.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: A mistake was made in 1994 repealing these provisions. It would swamp the WUTC with filings. The bill makes Washington's provisions on the subject parallel to those of other states.

Testimony Against: None.

Testified: Teresa Osinski, WUTC (pro); Collins Sprague, Washington Water Power Co. (pro).