

[Service Date October 9, 2002]

October 9, 2002

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(Wednesday, October 30, 2002)**

**NOTICE OF WORKSHOP
(Tuesday, November 5, 2002)**

RE: Consider Establishing Rules That Would Require Reporting of Transactions Between Regulated Companies and Their Subsidiaries.
Docket No. A-021178

TO INTERESTED PERSONS:

The Washington Utilities and Transportation Commission has authorized the filing of a Preproposal Statement of Inquiry (CR-101) with the Code Reviser in Docket No. A-021178. The focus of this rulemaking will be to consider establishing rules that would require regulated companies to report to the Commission transactions between a regulated company and its subsidiary. The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's web site at www.wutc.wa.gov/021178. If you are unable to access the Commission's web page and would like a copy of the CR-101 mailed to you, please contact the records center at (360) 664-1234.

The regulated transportation and utility business environments have undergone a number of significant developments that include corporate and industry restructuring, competition, bankruptcy, financial rating downgrades, volatile commodity supply and demand, volatile pricing, and concern with the accuracy of corporate financial statements and reports. In this new environment, transactions between regulated companies and their affiliates and subsidiaries may significantly impact ratepayers. Transactions with affiliated interests are covered by existing law, but there are no rules covering some types of subsidiaries. Establishing reporting requirements regarding transactions between regulated companies and their subsidiaries would provide the Commission with more timely identification and disclosure of intercompany transactions that pose difficult regulatory issues.

The Commission is considering establishing rules applicable to regulated companies that may include, but not be limited to, the following:

1. Require regulated companies to prefile the following transactions with subsidiaries:
 - a. Management or service contracts (to be defined).
 - b. Maintenance, operation and construction contracts.
 - c. Construction, maintenance, or use of a telecommunications line or service contracts.
 - d. Issuance of evidence of ownership or indebtedness or creation of liens on regulated company property.
2. Require regulated companies to file periodic reports detailing transactions that have already occurred with subsidiaries.
3. Require regulated companies to immediately post-file significant transactions/arrangements with subsidiaries.

It is not our intent that this rulemaking will apply to competitively classified telecommunications companies or local exchange companies that serve less than two percent of the state's access lines under RCW 80.04.530.

STAKEHOLDER WORKSHOP

We encourage your attendance and participation in the stakeholder workshop. The workshop will be held **Tuesday, November 5, 2002**, in Room 206 at the Commission's headquarters, beginning at 9:30 a.m. until 4:30 p.m. Free parking is available. The Commission's address is:

Washington Utilities & Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

If you cannot attend the workshop, you can arrange to dial into the Commission's conference bridge at (360) 664-3846. There are 12 lines available on a first-come first-served basis. You may reserve a line by calling Kippi Walker at (360) 664-1139.

WRITTEN COMMENTS

Written comments on establishing rules that would require reporting of transactions between regulated companies and their subsidiaries must be filed with the Commission no later than **Wednesday, October 30, 2002** for consideration at the November 5, 2002, workshop. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted by electronic mail to the Commission's Records Center at records@wutc.wa.gov. Please include:

- The docket number of this proceeding (A-021178)
- The commenting party's name
- The title and date of the comment or comments

An alternative method for submitting comments may be by mailing/delivering an electronic copy on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The Commission will post on the Commission's web site all comments that are provided in electronic format. The web site is located at <<http://www.wutc.wa.gov/021178>>.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document. Questions may be addressed to Fred Ottavelli (360) 664-1297 or e-mail at <fottavel@wutc.wa.gov> or Sharyn Bate (360) 664-1295 or e-mail at <sbate@wutc.wa.gov>.

Your participation is welcomed via written comments and stakeholder workshops. Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may (1) call the Commission's Records Center at 360-664-1234, (2) e-mail the Commission at <records@wutc.wa.gov>, or (3) mail written comments to the address below. When contacting the Commission, please refer to Docket No. A-021178 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

NOTICE

If you do not want to comment now, but do want to receive future information about this rulemaking, please notify the Secretary in one of the ways described above and ask to be included on the mailing list for Docket No. A-021178. If you do not do this, you might not receive further information about this rulemaking.

Sincerely,

CAROLE J. WASHBURN
Secretary