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January 16, 2004

Ms. Carole Washburn  
Executive Secretary  
Washington Utilities and  
Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
Olympia, WA 98504

Re: Docket No. A-021178

Dear Ms. Washburn:

In response to the Notice issued December 3, 2003, this letter constitutes the comments of United Telephone Company of the Northwest (Sprint) on the draft financial reporting rules.

Sprint believes that as a general principle the Commission should not adopt new financial reporting rules that may impose additional regulatory burdens on companies for which there is no history or indication of problems in this area. The Affiliated Interest Report filed by the Company currently takes in excess of 80 hours to prepare. If the Commission has issues with a particular company, it should address the issues with that company individually, rather than create additional work for all companies.

Following are Sprint's specific comments on the draft rules.

**480-120-X03 -- Issuing securities**

Sprint would like to see the Commission reference or incorporate its April of 2002 Interpretive Statement in the rule. That statement clarified that a securities issuance filing is not required under WAC 480-120-290 if a company issues debt with a shelf registration filing with the Securities and Exchange Commission (SEC).

**480-120-X04 -- Transferring cash or assuming obligation**

Sprint has discussed the proposed rule with Verizon and agrees with the proposal Verizon will be making, that is, that dividend payments should be excluded from the reporting requirement in Subsection 2. There appears to be nothing in the record supporting the

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necessity of including dividends. Sprint also agrees with Verizon that if dividends are not excluded, the notice requirement should be a maximum of thirty days *after* rather than five days before. Since actual dividend payment amounts are typically not finalized until the day prior to the payment, Sprint would not be able to comply with a five-day advance notice requirement. Moreover, since the rule does not require pre-approval, there is no apparent reason why advance reporting is necessary. Any requirement to provide advance notice could hamper the Company's ability to manage its liquidity. As proposed by Verizon and supported by Sprint, the rule would be amended as follows:

WAC 480-120-X04 Transferring cash or assuming obligation.

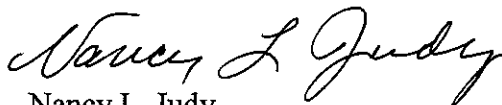
- (1) ~~At least five business days before~~ As soon as is practicable, but in no case later than thirty days after a Class A company, or any subsidiary of such a company, transfers cash to any of its affiliates or subsidiaries or assumes an obligation or liability of any of its affiliates or any of its subsidiaries, the company must report the amount and the terms of the transaction to the commission if:

**480-120-X08(e) – Affiliated interest and subsidiary transactions report**

It is unclear what additional cash transfer reporting in (e) is being proposed beyond the existing affiliated interest reporting requirements, as described in (c) and (d). If the Commission has reason to investigate the cash transfers of a particular company in greater depth, it should do so with that company and not impose new requirements on all companies.

If you any questions, please feel free to contact me at (541) 387-9265 or by e-mail at [nancy.judy@mail.sprint.com](mailto:nancy.judy@mail.sprint.com).

Sincerely,



Nancy L. Judy  
State Executive