

PART ((1)) I--GENERAL ADMINISTRATIVE RULES

AMENDATORY SECTION (Amending General Order No. R-479, Docket No. A-010648, filed 3/23/01, effective 4/23/01)

**WAC 480-70-041 Definitions, general.** (See WAC 480-70-226 (Tariffs, definitions used in) for definition of terms used primarily in tariff filings.) Unless the language or context indicates that a different meaning is intended, the following words, terms and phrases mean:

**"Affiliated interest"** means a person or corporation as defined in RCW 81.16.010.

**"Application docket"** means a commission publication listing applications requesting operating authority, and commission action taken on applications for temporary authority.

**"Biomedical waste"** means the following types of waste:

"Animal waste" means waste animal carcasses, body parts, and bedding of animals that are known to be infected with, or that have been inoculated with, human pathogenic microorganisms infectious to humans.

"Biosafety level 4 disease waste" means waste contaminated with blood, excretions, exudates, or secretions from humans or animals who are isolated to protect others from highly communicable infectious diseases that are identified as pathogenic organisms assigned to biosafety level 4 by the Centers for Disease Control, National Institute of Health, *Biosafety in Microbiological and Biomedical Laboratories*, current edition.

"Cultures and stocks" means wastes infectious to humans and includes specimen cultures, cultures and stocks of etiologic agents, wastes from production of biologicals and serums, discarded live and attenuated vaccines, and laboratory waste that has come into contact with cultures and stocks of etiologic agents or blood specimens. Such waste includes, but is not limited to, culture dishes, blood specimen tubes, and devices used to transfer, inoculate, and mix cultures.

"Human blood and blood products" means discarded waste human blood and blood components, and materials containing free-flowing blood and blood products.

"Pathological waste" means waste human source biopsy materials, tissues, and anatomical parts that emanate from surgery, obstetrical procedures, and autopsy. "Pathological waste" does not include teeth, human corpses, remains, and anatomical parts that are intended for interment or cremation.

"Sharps waste" means all hypodermic needles, syringes with needles attached, IV tubing with needles attached, scalpel blades, and lancets that have been removed from the original sterile package.

Note: Certificates issued prior to the effective date of these rules may contain the terms "biohazardous waste" or "infectious waste" in describing services authorized. From the effective date of these rules, those permits shall be understood to allow the transportation of "biomedical waste."

**"Biohazardous or biomedical waste generator"** means any person, by site, whose act or process produces infectious waste, or whose act first caused an infectious waste to become subject to regulation. In the case where more than one person, e.g., doctors with separate medical practices, are located in the same building, each individual business entity is a separate generator for the purposes of these rules.

**"Biohazardous or biomedical waste transporter"** means any person who transports infectious waste over the highways in a quantity equal to or exceeding one hundred pounds per month for compensation.

**"Biosolids"** means municipal sewage sludge that is a primarily organic, semisolid product resulting from the wastewater treatment process.

**"Business of transporting solid waste for collection and/or disposal for compensation"** means those carriers who are primarily in the specialized business of solid waste for collection and/or disposal.

**"Cancellation"** means an act by the commission to terminate a solid waste collection company certificate; or an act by a carrier to discontinue the application of a tariff, a tariff supplement, or a tariff item.

**"Certificate"** means the certificate of public convenience and necessity issued by the Washington utilities and transportation commission under the provisions of chapter 81.77 RCW for the operation of solid waste collection companies.

**"Certificated authority"** means the territory and services granted by the commission and described in a company's certificate of public convenience and necessity.

**"City regulation"** means regulation of the operations of a solid waste collection company by a city through issuance of a contract.

**"Classes of companies":**

**"Class A company"** means a traditional solid waste collection company with an annual gross operating revenue from regulated, intrastate operations of five million dollars or more.

**"Class B company"** means a traditional solid waste collection company with an annual gross operating revenue from regulated, intrastate operations of less than five million dollars.

**"Class C company"** means a solid waste collection company that does not provide traditional residential or commercial solid waste operations. This class includes specialized carriers generally hauling specific waste products for specific customers or providing only on-call or nonscheduled service.

**"Classes of service"** means either commercial, specialized, drop box, or residential service.

**"Company"** means a solid waste collection company.

**"Commercial authority"** means authority to provide solid waste collection service to business, institutional, or industrial generators.

**"Commercial recycling service"** means transportation of recyclable commodities from a buy-back center, drop box, or from a commercial or industrial generator of recyclable materials when those recyclable materials are being transported for use other than landfill disposal or incineration. Commercial recycling is regulated under chapter 81.80 RCW.

**"Commercial service"** means solid waste collection service provided to a business, institutional, or industrial generator.

**"Commission"** means the Washington utilities and transportation commission.

**"Common carrier"** means any person who transports solid waste by motor vehicle for compensation.

**"Construction debris"** or **"construction waste"** means solid waste resulting from the building or renovation of buildings, roads and other man-made structures. Construction debris includes, but is not limited to, materials such as plasterboard, cement, dirt, wood, and brush.

**"Contract carrier"** means a person holding a certificate issued by the commission authorizing transportation of solid waste for collection and/or disposal under special and individual contracts or agreements.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

**"Demolition waste"** or **"demolition debris"** means solid waste resulting from the demolition or razing of buildings, roads and other man-made structures. Demolition waste includes, but is not limited to, concrete, brick, bituminous concrete, wood and masonry, composition roofing and roofing paper, steel, and minor amounts of other metals like copper.

**"Disinfect"** means to cleanse by destroying harmful microorganisms.

**"Disposal site"** means the location where any final treatment, utilization, processing, or deposit of solid waste occurs. This term includes, but is not limited to, landfills, transfer stations, and incinerators.

**"Dump truck operator"** means a carrier holding a permit under chapter 81.80 RCW engaged in the operation of dump trucks and similar vehicles used in the transportation of sand, gravel, dirt, debris, and other similar commodities except solid waste. Dump truck operations are usually conducted during the daytime; are local in character; are somewhat seasonal, especially in connection with building or construction projects; and the value of the commodity transported is usually low.

**"Filing"** means any application, petition, tariff proposal, annual report, comment, complaint, pleading, or other document submitted to the commission.

**"Garbage"** means those materials of solid waste that are putrescible.

**"Garbage and refuse."** Whenever the phrase "garbage and refuse" is used as a qualifying phrase, it means either garbage or refuse, or both garbage and refuse.

**"Hazardous waste"** means any material that is subject to the Hazardous Waste Manifest Requirements of the U.S. Environmental Protection Agency specified in 40 CFR Part 262.

**"Incineration"** means to reduce the volume of solid waste by use of an enclosed device using controlled flame combustion.

**"Incinerator"** means a site where solid waste is reduced in volume by use of an enclosed device using controlled flame combustion.

**"Landfill"** means a disposal facility or part of a facility at which solid waste is placed in or on land and which is not a land-treatment facility.

**"Land-treatment facility"** means the site on which the practice of applying dangerous waste onto or incorporating dangerous waste into the soil surface so that it will degrade or decompose takes place. The term does not include applying waste onto or into the soil surface for the purpose of soil sweetening or soil amendment.

**"Leachate"** means water or other liquid that has been contaminated by dissolved or suspended materials due to contact with solid waste or gases.

**"Motor vehicle"** means any truck, trailer, semi-trailer, tractor or any self-propelled or motor-driven vehicle used on any public highway of this state for the purpose of transporting solid waste for collection and/or disposal.

**"Multiple-family residence"** or **"multifamily residence"** means any structure housing two or more dwelling units.

**"Multifamily service"** means residential service provided to multifamily structures or locations including, but not limited to, duplexes, apartments, mobile home courts, and condominiums.

**"Nonputrescible"** means not capable of being readily decomposed by microorganisms.

**"Occasional"** means occurring at irregular and infrequent intervals. The term is qualitative, not quantitative, in that the term applies to services that are only performed from time-to-time, not that the solid waste hauling is only a small part of services offered.

**"Packer"** means a device or vehicle specially designed to compress loose materials.

**"Person"** means an individual, firm, corporation, association, partnership, lessee, receiver, trustee, consortium, joint venture, or commercial entity.

**"Private carrier"** means a person who transports solid waste in the person's own vehicle purely as an incidental adjunct to some other established private business owned or operated by that person in good faith.

EXCEPTION: A person who transports solid waste from residential sources in a vehicle designed or used primarily for the transport of solid waste is not a private carrier.

**"Private motor vehicle"** means a vehicle owned or operated by a private carrier.

**"Private road"** means a road not normally available for use by the public.

**"Public highway"** means every street, road, or highway in this state normally available for use by the public.

**"Putrescible"** means capable of being readily decomposed by microorganisms.

**"Recyclable materials"** means materials that are transported for recycling, reprocessing, reclamation, or for any process that extracts or modifies the commodity for reuse or another commercially valuable purpose.

**"Recycling"** means transforming or remanufacturing materials into usable or marketable materials for use other than landfill disposal or incineration.

**"Refuse"** means those materials of solid waste that are not putrescible.

**"Residence"** means the regular dwelling place of an individual or individuals.

**"Residential authority"** means authority to provide solid waste collection from residences.

**"Residential recycling service"** means collection of those solid wastes that are separated for recycling or reuse, such as paper, plastic, metals, and glass, that are identified as recyclable materials pursuant to a local comprehensive solid waste plan.

**"Residential service"** means solid waste collection from residences.

**"Sewer sludge"** means a semisolid substance consisting of settled sewage solids combined with varying amounts of water and dissolved materials, generated from a wastewater treatment system, that does not meet the requirements of chapter 70.95J RCW, and is transported to a site for disposal.

**"Shipping paper"** means a shipping order, bill of lading, manifest, or other shipping document serving a similar purpose and containing the information required in WAC 480-70-401 (Payment options).

**"Small business"** means any company that has fifty or fewer employees.

**"Solid waste"** or **"solid wastes"** means all putrescible and nonputrescible solid and semisolid wastes including, but not limited to:

- Garbage;
- Rubbish;
- Refuse;
- Swill;
- Ashes;
- Industrial wastes;
- Sewage sludge;
- Demolition and construction wastes;
- Abandoned vehicles or parts of abandoned vehicles; and
- Source-separated recyclable materials collected from single and multifamily residences.

**"Solid waste collection"** means collecting solid waste from residential or commercial customers and transporting the solid waste, using a motor vehicle, for collection and/or disposal over the highways of the state of Washington for compensation.

**"Solid waste collection company"** means every common carrier, including a contract carrier, who provides solid waste collection service.

**"Source separation"** means the separation of different kinds of solid waste at the place where the waste originates.

**"Specialized solid waste collection company"** means a company providing other than traditional solid waste collection service. Specialized companies generally haul specific waste products for specific customers, provide only on-call or nonscheduled service, or provide accessorial services not normally provided by traditional solid waste collection companies.

**"State"** means the state of Washington.

**"Subsidiary"** means any company in which the solid waste company owns directly or indirectly five percent or more of the voting securities, unless the solid waste company demonstrates it does not have control.

**"Suspension"** means an act by the commission to temporarily withhold a solid waste collection company's certificated authority; or an act by the commission to withhold approval of a company's tariff filing.

**"Tariff"** means a document issued by a company, and approved by the commission, containing the services provided, the rates

and charges the company bills its customers for those services, and the rules describing how the rates and charges apply.

**"Tariff service territory"** means a company-defined geographic division of its certificated authority in which a specific tariff applies.

**"Third-party waste broker"** means a person or company acting on behalf of a generator of solid waste, usually an industrial or commercial generator, to arrange for collection and/or disposal of solid waste.

**"Traditional solid waste collection company"** means a company engaged in collecting and removing solid waste and recyclable materials from private homes, and/or removing solid waste from commercial establishments, industrial facilities, and other sites. Solid waste is normally picked up on a daily, weekly, or other regular basis. Drivers are usually assigned designated routes to collect curbside residential solid waste or transport cans or containers for commercial businesses. Unless the company's certificate is restricted against doing so, a traditional solid waste collection company may also perform specialized solid waste collection service.

**"Transfer station"** means a staffed, fixed supplemental facility used by persons and route collection vehicles to deposit solid wastes into transfer trailers for transportation to a disposal site. The definition does not usually include detachable containers. However, in counties with a population of less than seventy thousand, and in any county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand that is located east of the crest of the Cascade mountain range, if detachable containers are securely fenced, staffed by an attendant during all hours when the detachable container is open to the public, and tipping fees that cover the cost of providing the containers and the use of the facility are charged, then such detachable containers constitute a transfer station. (Refer to RCW 36.58.030.)

**"Treatment"** means incineration, sterilization, or other method, technique, or process that changes the character or composition of a biomedical waste so as to minimize the risk of transmitting an infectious disease by making it noninfectious. Any waste, except sharps, that has been treated is not considered biohazardous or biomedical waste, and may be considered to be solid waste for purposes and handling.

**"Vehicle"** means every device capable of transporting solid waste on a public highway. The term "vehicle" does not include devices moved by human or animal power or used exclusively on stationary rails or tracks.

**"Yard waste"** or **"yard debris"** means plant material commonly created in the course of maintaining yards and gardens and through horticulture, gardening, landscaping, or similar

activities. Yard waste includes, but is not limited to, grass clippings, leaves, branches, brush, weeds, flowers, roots, windfall fruit, and vegetable garden debris.

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-70-051 Exemptions from rules in chapter 480-70**

WAC. (~~(1) The commission may grant an exemption of any rule in this chapter, when doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.~~

~~(2) To request a rule exemption, a person must file with the commission a written request identifying the rule for which an exemption is sought, giving a full explanation of the reason for requesting the exemption.~~

~~(3) The commission will assign the request a docket number, if it does not arise in an existing docket, and will schedule the request for consideration at one of its regularly scheduled open meetings or, if appropriate under chapter 34.05 RCW, in an adjudication. The commission will notify the person requesting the exemption, and other interested persons, of the date of the hearing or open meeting when the commission will consider the request.~~

~~(4) In determining whether to grant the request, the commission may consider whether application of the rule would impose undue hardship on the petitioner, of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the purpose of the rule.~~

~~(5) The commission will issue an order granting or denying the request or setting it for hearing pursuant to chapter 480-07 WAC.)~~ The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

**PART ((2)) II--ACCOUNTING REQUIREMENTS, REPORTING REQUIREMENTS  
AND REGULATORY FEES**

NEW SECTION

**WAC 480-70-077 Transferring cash or assuming obligations.**

(1) At least five business days, as defined in WAC 480-07-120 (Office hours), before a Class A company, whose corporate credit/issuer rating is not in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's Investment Securities Inc. or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the company must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds as described in (a) or (b) of this subsection.

(a) The company must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of five percent, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(b) When the threshold in (a) of this subsection has been reached, the company must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(2) The reporting requirements in subsection (1) of this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities;

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court; or

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the utility and its subsidiary or affiliate.

NEW SECTION

**WAC 480-70-078 Affiliated interest--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 81.16.020, each solid waste collection company must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with affiliated interests. Prior to the effective date of any modification or amendment, the company must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the company must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the company has failed to prove that it is reasonable and consistent with the public interest.

NEW SECTION

**WAC 480-70-079 Affiliated interest and subsidiary transactions report.** (1) By June 1 of each year each Class A company must file a report summarizing all transactions that occurred between the company and its affiliated interests, and the company and its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this subsection must be for total company and for total state of Washington. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(3) When total transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the company must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a

listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and

(g) A list of all common officers and directors between the solid waste company and each such affiliated interest or subsidiary, along with their titles in each organization.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-70-078 (Affiliated interests--Contracts or arrangements).

**PART ((3)) III--CERTIFICATES**

**PART ((4)) IV--INSURANCE**

**PART ((5)) V--EQUIPMENT AND DRIVERS**

**PART ((6)) VI--COMPLIANCE**

**PART ((7)) VII--TARIFFS, RATES, AND RATE FILINGS**

**PART ((8)) VIII--CONSUMER RULES**

PART ((9)) IX--BIOMEDICAL WASTE RULES

PART ((10)) X--HAZARDOUS WASTE RULES

PART ((11)) XI--ADOPTION BY REFERENCE

## Chapter 480-73 WAC

### PART I--GENERAL PROVISIONS

#### NEW SECTION

**WAC 480-73-010 Application of rules.** The rules in this chapter apply to hazardous liquid pipeline companies regulated as common carriers under Title 81 RCW. The purpose of these rules is to address the economic regulation of liquid pipeline companies regulated as common carriers.

#### NEW SECTION

**WAC 480-73-020 Exemptions from rules in chapter 480-73 WAC.** The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

#### NEW SECTION

**WAC 480-73-030 Additional requirements.** (1) These rules do not relieve any company from any of its duties and obligations under the laws of the state of Washington.

(2) The commission retains the authority to impose additional or different requirements on any company in appropriate circumstances, consistent with the requirements of law.

#### NEW SECTION

**WAC 480-73-040 Severability.** If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

NEW SECTION

**WAC 480-73-050 Tariffs.** (1) Each pipeline company must file tariffs in accordance with the requirements set out in chapter 480-149 WAC titled Tariff Circular No. 6.

(2) In addition to the tariff filing requirements in subsection (1) of this section, the tariff must include the pipeline company's nomination and proration policies and procedures.

NEW SECTION

**WAC 480-73-060 Definitions.** "Affiliated interest" means a person or corporation as defined in RCW 81.16.010.

"Business days" means the same as defined in WAC 480-07-120 (Office hours).

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

"Hazardous liquid pipeline companies" or "pipeline company" means any hazardous liquid pipeline company regulated as a common carrier under Title 81 RCW.

"Investment grade" means a pipeline company whose corporate credit/issuer rating is in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's Investment Service Inc.

"Nominations" means the method a shipper uses to reserve pipeline capacity for shipments.

"Proration" means the method the carrier uses to allocate space to shippers when nominations exceed the pipeline capacity.

"Securities" means stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidence of indebtedness, or any obligation or liability as guarantor.

"Subsidiary" means any company in which the pipeline company owns directly or indirectly five percent or more of the voting securities, unless the pipeline company demonstrates it does not have control.

**PART II--FINANCIAL RECORDS AND REPORTING RULES**

NEW SECTION

**WAC 480-73-110 Filing information.** (1) **Filing.** The commission records center will accept any filing under WAC 480-73-170 (Issuing securities) delivered in person, by mail, telefacsimile, or electronic mail message. The commission records center will accept all other reports required in Part II in person, by mail, or when procedures are in place, electronic mail message.

(2) **Commission may require additional information.** The commission may require information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

NEW SECTION

**WAC 480-73-120 Additional reports.** Part II does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

NEW SECTION

**WAC 480-73-130 Accounting system requirements.** (1) Each pipeline company must use the uniform system of accounts applicable to pipeline companies as published by the Federal Energy Regulatory Commission (FERC) in Title 18 of the Code of Federal Regulations (18 CFR), Part 352 - Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act. Information about the Code of Federal Regulations regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

(2) Each pipeline company having multistate operations must maintain records in such detail that the costs of property located and business done in Washington can be readily ascertained in accordance with geographic boundaries.

(3) Any deviation from the uniform system of accounts, as prescribed by the FERC, will be accomplished only after due notice and order of this commission.

(4) This rule does not supersede any commission order regarding accounting treatments.

#### NEW SECTION

**WAC 480-73-140 Expenditures for political or legislative activities.** (1) For ratemaking purposes, the commission will not allow recovery of either direct or indirect expenditures by a pipeline company for political or legislative activities.

(2) For purposes of this rule, political or legislative activities include, but are not limited to:

(a) Encouraging support or opposition to ballot measures, legislation, candidates for a public office, or current public office holders;

(b) Soliciting support for or contributing to political action committees;

(c) Gathering data for mailing lists that are generated for the purposes of encouraging support for or opposition to ballot measures, legislation, candidates for public office, or current office holders, or encouraging support for or contributions to political action committees;

(d) Soliciting contributions or recruiting volunteers to assist in the activities set forth in (a) through (c) of this subsection.

(3) Political or legislative activities do not include activities directly related to appearances before regulatory or local governmental bodies necessary for the pipeline company's operations.

#### NEW SECTION

**WAC 480-73-150 Retaining and preserving records and reports.** Each pipeline company must retain records and reports in accordance with the 18 CFR, Part 356, Preservation of Records for Oil Pipeline Companies, which the commission adopts by reference. Information about the Code of Federal Regulations regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

NEW SECTION

**WAC 480-73-160 Annual reports.** (1) Each pipeline company must use the commission's annual report form and attach FERC Form No. 6 promulgated by the Federal Energy Regulatory Commission in 18 CFR, Part 357 (Annual, Special or Periodic Reports), for purposes of annual reporting to this commission. Information about the FERC Form No. 6 regarding the version adopted and where to obtain it is set out in WAC 480-73-999 (Adoption by reference).

(2) Each pipeline company must also submit to the commission, in essentially the same format and content as the FERC Form No. 6, a report that documents the costs incurred and the property necessary to provide service to its customers and the revenues obtained in the state of Washington.

(3) Combination and multistate pipeline companies must submit with the annual report their cost allocation methods necessary to develop results of operations in the state of Washington. Approval of cost allocation methods for ratemaking purposes is accomplished only by commission order.

(4) The pipeline company must submit the annual report for the preceding calendar year by May 1 of each year.

(5) Economic regulatory fees. An economic regulatory fee is an annual assessment paid by each company to cover the costs of economic regulation of the industry. The economic regulatory fee is separate from the pipeline safety fee identified in WAC 480-75-240 (Annual pipeline safety fee methodology). The maximum economic regulatory fee is set by statute at one-tenth of one percent of the first fifty thousand dollars of gross operating revenue plus two-tenths of one percent of any gross operating revenue in excess of fifty thousand dollars.

(a) The maximum economic regulatory fee is assessed each year, unless the commission issues an order establishing the economic regulatory fee at an amount less than the statutory maximum.

(b) The minimum economic regulatory fee that a pipeline company must pay is twenty dollars.

(c) The twenty-dollar minimum economic regulatory fee is waived for any pipeline company that reports less than twenty thousand dollars in gross operating revenue.

(d) A pipeline company must pay its economic regulatory fee by May 1 each year.

(e) The commission does not grant extensions for payment of regulatory fees.

(f) If a company does not pay its economic regulatory fee by May 1, the commission will assess an automatic late fee of two percent of the amount due, plus one percent interest for each month the fee remains unpaid.

(g) The commission may issue penalty assessments or take other administrative action if a company fails to pay its regulatory fee.

NEW SECTION

**WAC 480-73-170 Issuing securities.** (1) **Pipeline company rated investment grade.** Within five business days after a pipeline company that is rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance was made, including a certification by an officer authorized to do so, that the proceeds from any such financing was for one or more of the purposes allowed by RCW 81.08.030;

(b) A description of the issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction was in the public interest.

(2) **Pipeline company not rated investment grade.** At least five business days before a pipeline company that is not rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance will be made, including a certification by an officer authorized to do so, that the proceeds from any such financing is for one or more of the purposes allowed by RCW 81.08.030;

(b) A description of the proposed issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction is in the public interest.

Before issuance of the proposed security, the company must file with the commission the terms of financing.

(3) Filing a Registration Statement with the Securities and Exchange Commission using a shelf registration process does not constitute undertaking the issuance of a security, and therefore a filing with the commission is not required under the provisions of RCW 81.08.040. A shelf registration filing is defined under the General Rules and Regulations promulgated under the Securities Act of 1933, Rule 415 - Delayed or Continuous Offering and Sale of Securities.

(4) An authorized representative must sign and date the filing and include a certification or declaration that the information is true and correct under penalty of perjury as set forth in chapter 9A.72 RCW. The certificate or declaration must be in substantially the following form:

"I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct."

(5) Within sixty days after the issuance of any securities, except for dividend reinvestment and employee benefit plans, a pipeline company must file with the commission a verified statement:

(a) Outlining the final terms and conditions of the transaction; and

(b) Setting forth actual proceeds from the issuance and the disposition of proceeds stating the final amount to be used for each purpose allowed by RCW 81.08.030.

#### NEW SECTION

##### **WAC 480-73-180 Transferring cash or assuming obligations.**

(1) At least five business days before a pipeline company that is not rated investment grade or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the company must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds as described in (a) or (b) of this subsection.

(a) The company must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of five percent, which is based on the prior calendar year gross operating revenue.

(b) When the threshold in (a) of this subsection has been reached, the company must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the prior calendar year gross operating revenue.

(2) The reporting requirements in subsection (1) of this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities;

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court; or

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Payments for sweep or cash management accounts. The foregoing provisions will have no application to sweep and cash management account transfers used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine

cash management functions between or among the pipeline company and its subsidiary or affiliate.

NEW SECTION

**WAC 480-73-190 Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 81.16.020, each pipeline company must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the company must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the company must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the company has failed to prove that it is reasonable and consistent with the public interest.

NEW SECTION

**WAC 480-73-200 Securities report.** Each pipeline company that has issued securities must file with the commission an annual securities transaction report. The report is due ninety days from the end of the company's reporting period, whether a fiscal or calendar year. At a minimum, the report must contain:

(1) A schedule of the securities issued during the reporting period including a detailed description of the final agreements;

(2) A description of the use of proceeds stating the amounts used for each purpose allowed by RCW 81.08.030;

(3) The level of expenses for each of the securities transactions for the reporting period;

(4) A schedule of securities retired, refunded, repurchased, or otherwise removed from the company's capitalization; and

(5) A schedule of securities scheduled to mature in the fiscal or calendar year following the reporting period.

NEW SECTION

**WAC 480-73-210 Affiliated interest and subsidiary transactions report.** (1) By June 1 of each year, each pipeline company must file a report summarizing all transactions, except transactions provided at tariff rates, which occurred between the company and each of its affiliated interests, and the company and each of its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this section must be provided for total company and for total state of Washington. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(3) When total transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the company must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and

(g) A list of all common officers and directors between the pipeline company and each such affiliated interest or subsidiary, along with their titles in each organization.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-73-190 (Affiliated interest--Contracts and arrangements).

## PART III--ADOPTION BY REFERENCE

### NEW SECTION

**WAC 480-73-999 Adoption by reference.** In this chapter, the commission adopts by reference all or portions of regulations and standards identified below. They are available for inspection at the commission branch of the Washington state library. The publications, effective date, references within this chapter, and availability of the resources are as follows:

(1) Title 18 Code of Federal Regulations, cited as 18 CFR, is published by the United States Government Printing Office.

(2) The commission adopts the version in effect on April 1, 2003.

(3) This publication is referenced in WAC 480-73-130 (Accounting system requirements), WAC 480-73-150 (Retaining and preserving records and reports), and WAC 480-73-160 (Annual reports).

(4) Copies of 18 CFR are available from the U.S. Government Printing Office in Pittsburgh, Pennsylvania.

**PART ((1)) I--GENERAL ((RULES)) PROVISIONS**

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-90-008 Exemptions from rules in chapter 480-90 WAC.** ~~((1) The commission may grant an exemption from the provisions of any rule in this chapter if consistent with the public interest, the purposes underlying regulation, and applicable statutes.~~

~~(2) To request a rule exemption, a person must file with the commission a written request identifying the rule for which an exemption is sought, giving a full explanation of the reason for requesting the exemption.~~

~~(3) The commission will assign the request a docket number, if it does not arise in an existing docket, and will schedule the request for consideration at one of its regularly scheduled open meetings or, if appropriate under chapter 34.05 RCW, in an adjudication. The commission will notify the person requesting the exemption, and other interested persons, of the date of the hearing or open meeting when the commission will consider the request.~~

~~(4) In determining whether to grant the request, the commission may consider whether application of the rule would impose undue hardship on the petitioner, of a degree or a kind different from hardship imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the purposes of the rule.~~

~~(5) The commission will enter an order granting or denying the request or setting it for hearing, pursuant to chapter 480-07 WAC.)~~ The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

AMENDATORY SECTION (Amending Docket No. UG-990294, General Order No. R-484, filed 5/3/01, effective 6/3/01)

**WAC 480-90-023 Definitions.** "Affiliated interest" means a person or corporation as defined in RCW 80.16.010.

**"Applicant"** means any person, corporation, partnership, government agency, or other entity that applies for service with a gas utility or who reapplies for service at a new or existing location after service has been discontinued.

**"British thermal unit"** (Btu) means the quantity of heat required to raise the temperature of one pound of water at 60E Fahrenheit and standard pressure, one degree Fahrenheit.

**"Business day"** means Monday through Friday, 8:00 a.m. until 5:00 p.m., except for official state holidays.

**"Commission"** means the Washington utilities and transportation commission.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

**"Customer"** means any person, corporation, partnership, government agency, or other entity that applied for, has been accepted for, and is currently receiving service.

**"Cubic foot of gas"** means a volumetric unit of measure used in sales and testing.

**"Sales volume"** means a cubic foot of gas for billing purposes is the amount of gas that occupies a volume of one cubic foot under the temperature and pressure conditions existing in the customer's meter. Temperature and/or pressure recording or compensating devices may be used to reflect temperature or pressure base conditions for computing the volume sold. Temperature and/or pressure compensation factors may be used to compute the volume of gas sold as provided in the utility's tariff.

**"Testing volume"** means a cubic foot of gas for testing purposes is the amount that occupies a volume of one cubic foot at a temperature of 60E Fahrenheit and pressure of 14.73 pounds per square inch absolute.

**"Gas"** means any fuel or process gas, whether liquid petroleum gas, manufactured gas, natural gas, or any mixture of these.

**"Liquefied petroleum gas"** means a gas consisting of vapors of one or more of the paraffin hydrocarbons, or a combination of one or more of these vapors with air.

**"Manufactured gas"** means any gas produced artificially by any process.

**"Natural gas"** means a mixture of gaseous hydrocarbons (chiefly methane) and nonhydrocarbons that occur naturally in the earth.

**"Subsidiary"** means any company in which the gas utility owns directly or indirectly five percent or more of the voting securities, unless the utility demonstrates it does not have control.

**"Therm"** means a unit of heat equal to 100,000 Btus.

**"Gas utility"** (utility) means any business entity (e.g., corporation, company, association, joint stock association, or partnership) or person, including a lessee, trustee, or court appointed receiver, that meets the three following conditions:

Owns, controls, operates, or manages any gas plant in Washington state;

Manufactures, transmits, distributes, sells, or furnishes gas to the public for compensation; and

Is subject to the commission's jurisdiction.

Terms used in this chapter and defined in the public service laws of Washington state (i.e., principally Title 80 RCW) have the same meaning here as in the statutes. Terms not defined in these rules or the applicable statutes have the meaning generally accepted in the gas industry, or their ordinary meaning if there is no meaning generally accepted in the gas industry.

## **PART ((2)) II--CONSUMER RULES**

## **PART ((3)) III--FINANCIAL RECORDS AND REPORTING RULES**

### **Subpart A: General Rules**

#### **NEW SECTION**

**WAC 480-90-207 Filing information.** (1) **Filing.** The commission records center will accept any filing under WAC 480-90-242 (Issuing securities) delivered in person, by mail, telefacsimile, or electronic mail message. The commission records center will accept all other reports required in Part III in person, by mail, or when procedures are in place, electronic mail message.

(2) **Commission may require additional information.** The commission may require pertinent information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

#### NEW SECTION

**WAC 480-90-209 Additional reports.** Part III does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

### **Subpart B: Financial Transaction Reporting Requirements**

#### NEW SECTION

**WAC 480-90-242 Issuing securities.** For the purpose of this section:

"Investment grade" means a gas utility whose corporate credit/issuer rating is in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's Investment Service Inc.

"Securities" means stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidence of indebtedness, or any obligation or liability as guarantor.

(1) **Gas utility rated investment grade.** Within five business days after a gas utility that is rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance was made, including a certification by an officer authorized to do so, that the proceeds from any such financing was for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction was in the public interest.

(2) **Gas utility not rated investment grade.** At least five business days before a gas utility that is not rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance will be made, including a certification by an officer authorized to do so, that the proceeds from any such financing is for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the proposed issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction is in the public interest.

Before issuance of the proposed security, the utility must file with the commission the terms of financing.

(3) A commission order is not required for such a filing. The utility may request a written order affirming that the utility has complied with the requirements of RCW 80.08.040. The utility must submit the request for a commission order, along with the information required in either subsection (1) or (2) of this section, at least fifteen business days before the requested effective date for the order.

(4) Filing a Registration Statement with the Securities and Exchange Commission using a shelf registration process does not constitute undertaking the issuance of a security, and therefore a filing with the commission is not required under the provisions of RCW 80.08.040. A shelf registration filing is defined under the General Rules and Regulations promulgated under the Securities Act of 1933, Rule 415 - Delayed or Continuous Offering and Sale of Securities.

(5) An authorized representative must sign and date the filing and include a certification or declaration that the information is true and correct under penalty of perjury as set forth in chapter 9A.72 RCW. The certificate or declaration must be in substantially the following form:

"I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct."

(6) Filings under this section may be submitted with portions designated confidential pursuant to WAC 480-07-160 (Confidential information).

(7) Within sixty days after the issuance of any securities, except for dividend reinvestment and employee benefit plans, a utility must file with the commission a verified statement:

(a) Outlining the final terms and conditions of the transaction; and

(b) Setting forth actual proceeds from the issuance and the disposition of proceeds stating the final amount to be used for each purpose allowed by RCW 80.08.030.

NEW SECTION

**WAC 480-90-244 Transferring cash or assuming obligations.**

(1) At least five business days before a gas utility that is not rated investment grade or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the utility must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds described in (a) or (b) of this subsection.

(a) The utility must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of two percent, which is based on the utility's common shareholders equity.

(b) When the threshold in (a) of this subsection has been reached, the utility must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the utility's common shareholders equity.

A utility's common shareholder equity is determined according to the latest annual report filed pursuant to WAC 480-100-252 (Federal Energy Regulatory Commission (FERC) Form No. 1). Information about the FERC Form No. 1 regarding the version adopted and where to obtain it is set out in WAC 480-100-999 (Adoption by reference).

(2) The reporting requirements in subsection (1) of this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities, including fuel supplies (e.g., gas, coal, or oil);

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court;

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the utility and its subsidiary or affiliate.

NEW SECTION

**WAC 480-90-245 Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 80.16.020, each gas utility must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the utility must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the utility must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the utility has failed to prove that it is reasonable and consistent with the public interest.

NEW SECTION

**WAC 480-90-248 Transfers of property.** Before selling, leasing, or assigning any of its property or facilities which are necessary or useful in the performance of its duties to the public, or before acquiring property or facilities of another public utility, a gas utility must obtain from the commission an order authorizing such transaction in accordance with chapter 80.12 RCW (Transfers of property) and chapter 480-143 WAC (Commission general--Transfers of property).

**Subpart C: Annual Reporting Requirements**

NEW SECTION

**WAC 480-90-252 Federal Energy Regulatory Commission (FERC) Form No. 2.** (1) Each gas utility must use the annual report form (FERC Form No. 2) promulgated by the Federal Energy Regulatory Commission in Title 18 of the Code of Federal Regulations, Part 141, for purposes of this report to the commission. Data required by RCW 80.04.080 (Annual reports), but not included in the FERC Form No. 2, must also be submitted with the annual report. The utility must submit the annual report for the preceding calendar year, along with the regulatory fee, by May 1st of each year. If not presented in the prescribed FERC Form No. 2, the annual report must include the following data per customer class for the calendar year:

Revenues, average customer count, and total unit sales. Information about the FERC Form No. 2 regarding the version adopted and where to obtain it is set out in WAC 480-90-999 (Adoption by reference).

(2) Each utility must also submit to this commission, in essentially the same format and content as the FERC Form No. 2, a report that documents the costs incurred and the property necessary to furnish utility service to its customers and the revenues obtained in the state of Washington. The report must include the following data per customer class for the calendar year: Revenues, average customer count, and total unit sales.

(3) Combination and multistate utilities must submit with the annual report their cost allocation methods necessary to develop results of operations for the state of Washington. Approval of cost allocation methods for rate-making purposes is accomplished only by commission order.

(4) The total utility results of operations reported by each utility in its annual report to the commission must agree with the results of operations shown on the utility's books and records.

#### NEW SECTION

**WAC 480-90-257 Commission basis report.** (1) Commission basis reports are due within four months of the end of a utility's fiscal year.

(2) The intent of the commission basis report is to depict the gas operations of a gas utility under normal temperature and power supply conditions during the reporting period. The commission basis report must include:

(a) Booked results of gas operations and rate base, and all the necessary adjustments as accepted by the commission in the utility's most recent general rate case or subsequent orders;

(b) Results of operations adjusted for out-of-period, nonoperating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base; and

(c) Booked revenues and power supply expenses adjusted to reflect operations under normal temperature and power supply conditions before the achieved return on rate base is calculated.

(3) Commission basis reports should not include adjustments that annualize price, wage, or other cost changes during a reporting period, nor new theories or approaches that have not been previously addressed and resolved by the commission.

(4) Each utility must submit the basis of any cost allocations and the allocation factors necessary to develop the

commission basis results of gas operations for the state of Washington.

NEW SECTION

**WAC 480-90-262 Securities report.** Each gas utility that has issued securities must file with the commission an annual securities transaction report. The report is due five months from the end of the utility's reporting period, whether a fiscal or calendar year. At a minimum, the report must contain:

(1) A schedule of the securities issued during the reporting period including a detailed description of the final agreements;

(2) A description of the use of proceeds stating the amounts used for each purpose allowed by RCW 80.08.030;

(3) The level of expenses for each of the securities transactions for the reporting period;

(4) A schedule of securities retired, refunded, repurchased, or otherwise removed from the utility's capitalization; and

(5) A schedule of securities scheduled to mature in the fiscal or calendar year following the reporting period.

NEW SECTION

**WAC 480-90-264 Affiliated interest and subsidiary transactions report.** (1) Each gas utility must file an annual report summarizing all transactions that occurred between the utility and its affiliated interests, and the utility and its subsidiaries. The report is due one hundred twenty days from the end of the utility's fiscal or calendar year (reporting period). The report must include a corporate organization chart of the utility and its affiliated interests and subsidiaries.

(2) When total transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the utility must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the utility must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the utility and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the utility and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the utility for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the utility has transactions; and

(g) A list of all common officers and directors between the gas utility and each such affiliated interest or subsidiary, along with their titles in each organization.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The utility is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-90-245 (Affiliated interest--Contracts and arrangements).

#### NEW SECTION

**WAC 480-90-268 Essential utilities services contracts report.** (1) When the annual value to a vendor exceeds one and one-half percent of total company sales to ultimate customers as reported in the utility's most recent Federal Energy Regulatory Commission (FERC) Form No. 2 (or combined Forms No. 1 and No. 2 for combined utilities), each gas utility must report the total contracts with that vendor for essential utility services specifying the relevant terms of the contract or contracts, along with anticipated associated charges. Information about the FERC Form No. 2 regarding the version adopted and where to obtain it is set out in WAC 480-90-999 (Adoption by reference).

(2) The report of essential service vendors is due one hundred twenty days from the end of each reporting period, whether a fiscal or calendar year.

(3) For each vendor the report must include:

(a) The parties to the contract;

(b) The type of contract;

(c) The essential obligations of each party to the contract;

(d) The length of the contract;

(e) The budgeted annual dollar value of the contract during the reporting period; and

(f) The actual payments for services rendered under the contract during the reporting period.

(4) Essential utility services are those services necessary to provide gas service such as:

(a) Operation or maintenance of gas system infrastructure;

(b) Operation or maintenance of computer systems;

(c) Purchase of gas for classes of customer service regulated by the commission; and

(d) Construction of gas system infrastructure.

(5) The requirements under this section may be satisfied in whole or in part by cross-reference to the applicable portions of other documents that the utility has on file with the commission.

#### **Subpart D: Quarterly Reporting Requirement**

##### NEW SECTION

**WAC 480-90-275 Actual results for Washington operations report.** Within forty-five days of the end of each quarter, each gas utility must file a report of actual results for Washington operations. The results of operations report must contain each of the three monthly balances and the latest twelve months' ending balance for all accounts of the uniform system of accounts. The report must include the average customer count and total unit sales per customer class for each reported period.

#### **PART ((4)) IV--GAS METERING AND STANDARDS RULES**

#### **PART ((5)) V--ADOPTION BY REFERENCE**

AMENDATORY SECTION (Amending General Order No. R-511, Docket No. A-030852, filed 12/22/03, effective 1/22/04)

**WAC 480-90-999 Adoption by reference.** In this chapter, the commission adopts by reference all or portions of regulations and standards identified below. They are available for inspection at the commission branch of the Washington state library. The publications, effective date, references within this chapter, and availability of the resources are as follows:

(1) Title 18 Code of Federal Regulations, cited as 18 CFR, including all appendices and amendments is published by the United States Government Printing Office.

(a) The commission adopts the version in effect on April 1, 2003.

(b) This publication is referenced in WAC 480-90-203 (Accounting system requirements) (~~and WAC 480-90-208 (Financial reporting requirements)~~), WAC 480-90-244 (Transferring cash or assuming obligation), WAC 480-90-252 (Federal Energy Regulatory Commission (FERC) Form No. 2), and WAC 480-90-268 (Essential utilities services contracts report).

(c) Copies of 18 CFR are available from the U.S. Government Printing Office in Pittsburgh, Pennsylvania.

(2) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is published by the National Association of Regulatory Utility Commissioners (NARUC).

(a) The commission adopts the version in effect in 1985.

(b) This publication is referenced in WAC 480-90-228 (Retention and preservation of records and reports).

(c) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is a copyrighted document. Copies are available from NARUC, in Washington, D.C.

#### REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 480-90-208	Financial reporting requirements.
WAC 480-90-218	Securities, affiliated interests, and transfers of property.

AMENDATORY SECTION (Amending Order R-458, Docket No. UR-980080, filed 2/5/99, effective 3/8/99)

**WAC 480-92-016** (~~((Waiver.))~~) Exemptions from rules in chapter 480-92 WAC. (~~((1) The commission may grant a waiver of any rule in this chapter when doing so is consistent with the public interest, the purposes underlying regulation, and sound public policy, and is not inconsistent with applicable statutes.~~  
~~((2) To request a rule waiver, a site operator must file a written request with the commission identifying the rule for which a waiver is sought, and giving a full explanation of the reason for requesting the waiver.))~~ The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

AMENDATORY SECTION (Amending Order R-458, Docket No. UR-980080, filed 2/5/99, effective 3/8/99)

**WAC 480-92-021 Definitions.** The definitions contained in chapter 81.108 RCW and RCW 81.04.010 are incorporated by reference in this section. To the extent that any of the definitions in this chapter differ from statutory definitions, the statutory definitions shall control.

"Affiliated interest" means a person or corporation as defined in RCW 81.16.010.

"Commission" means the Washington utilities and transportation commission.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

"Effective rate" means the highest permissible rate, for the disposal of low-level radioactive waste, calculated as the lowest contract rate plus an administrative fee, if applicable, determined pursuant to RCW 81.108.040.

"Extraordinary volume" means volumes of low-level radioactive waste delivered to a site caused by nonrecurring events, outside normal operations of a generator, that are in excess of twenty thousand cubic feet or twenty percent of the preceding year's total volume at such site, whichever is less.

**"Extraordinary volume adjustment"** means a mechanism that allocates the potential rate reduction benefits of an extraordinary volume among all generators and the generator responsible for such extraordinary volume as described in RCW 81.108.070.

**"Generator"** means a person, partnership, association, corporation, or any other entity that, as a part of its activities, produces low-level radioactive waste.

**"Inflation adjustment"** means a mechanism that adjusts the maximum disposal rate by a percentage equal to the change in price levels in the preceding period, as measured by a common, verifiable price index as determined in RCW 81.108.040.

**"Low-level radioactive waste"** means waste material that contains radioactive nuclides emitting primarily beta or gamma radiation, or both, in concentrations or quantities that exceed applicable federal or state standards for unrestricted release. Low-level waste does not include waste containing more than ten nanocuries of transuranic contaminants per gram of material, nor spent reactor fuel, nor material classified as either high-level waste or waste which is unsuited for disposal by near-surface burial under any applicable federal regulations nor naturally occurring or accelerator produced radioactive material.

**"Maximum disposal rate"** the maximum disposal is the rate a site operator may charge generators as provided in RCW 81.108.050.

**"Site"** means a location, structure, or property used or to be used for the storage, treatment, or disposal of low-level radioactive waste for compensation within the state of Washington.

**"Site operator"** means a low-level radioactive waste site operating company, which includes every corporation, company, association, joint stock association, partnership, and person, their lessees, trustees, or receivers appointed by any court whatsoever, owning, operating, controlling, or managing a low-level radioactive waste disposal site or sites located within the state of Washington.

**"Subsidiary"** means any company in which the low-level waste company owns directly or indirectly five percent or more of the voting securities, unless the low-level waste company demonstrates it does not have control.

**"Volume adjustment"** means a mechanism that adjusts the maximum disposal rate in response to material changes in volumes of waste deposited at the site during the preceding period so as to provide a level of total revenues sufficient to recover the costs to operate and maintain the site.

AMENDATORY SECTION (Amending Order R-458, Docket No. UR-980080, filed 2/5/99, effective 3/8/99)

**WAC 480-92-050 Reporting requirements--Annual report.**

~~((The commission will distribute an annual report form to site operators each year. The site operator must complete the form, file it with the commission, and pay regulatory fees for the preceding calendar year by May 1.~~

~~A site operator may request in writing prior to May 1, an extension of time to file its annual report, stating the reasons for the request and the extension date. The commission will not grant extensions for payment of regulatory fees.)) An annual report is an end-of-the-year summary of financial and operational activity that each site operator is required to file with the commission.~~

(1) Each year the commission provides an annual report form and instructions to each site operator at its address of record. Failure to receive the form does not relieve a company of its obligation to complete and file its annual report. A site operator that does not receive an annual report form must contact the commission to request a copy of the form.

(2) A site operator must file a complete, accurate annual report showing all requested information by May 1 of the succeeding year. Information provided on the annual report must agree with source documents maintained at site operator offices.

NEW SECTION

**WAC 480-92-055 Reporting requirements--Special reports.**

(1) **Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 81.16.020, each site operator must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the site operator must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the site operator must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the site operator has failed to prove that it is reasonable and consistent with the public interest.

(2) **Transferring cash or assuming obligations.**

(a) At least five business days, as defined in WAC 480-07-120 (Office hours), before a site operator, whose corporate credit/issuer rating is not in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's

Investment Service Inc., or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the company must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds as described in (a)(i) or (ii) of this subsection.

(i) The company must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of five percent, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(ii) When the threshold in (a)(i) of this subsection has been reached, the company must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(b) The reporting requirements in subsection (1) of this section do not include payments for:

(i) Federal and state taxes;

(ii) Goods, services, or commodities;

(iii) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court;

(iv) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(A) Net income during such period; or

(B) The average level of dividends over the preceding three years; or

(v) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the site operator and its subsidiary or affiliate.

**(3) Affiliated interest and subsidiary transactions report.**

(a) By June 1 of each year, each site operator must file a report summarizing all transactions that occurred between the site operator and its affiliated interests, and the site operator and its subsidiaries, during the period January 1 through December 31 of the preceding year. The information required in this subsection must be for total company and for total state of Washington. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(b) When total transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the site operator must provide the name of the affiliated interest or subsidiary participating in the

transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the site operator must provide:

(i) A balance sheet and income statement for such affiliated interest;

(ii) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

(iii) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(iv) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(v) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

(vi) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and

(vii) A list of all common officers and directors between the low-level waste company and each such affiliated interest or subsidiary, along with their titles in each organization.

**PART ((1)) I--GENERAL ((RULES)) PROVISIONS**

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-100-008 Exemptions from rules in chapter 480-100 WAC.** ~~((1) The commission may grant an exemption from the provisions of any rule in this chapter, if consistent with the public interest, the purposes underlying regulation, and applicable statutes.~~

~~(2) To request a rule exemption, a person must file with the commission a written request identifying the rule for which an exemption is sought, giving a full explanation of the reason for requesting the exemption.~~

~~(3) The commission will assign the request a docket number, if it does not arise in an existing docket, and will schedule the request for consideration at one of its regularly scheduled open meetings or, if appropriate under chapter 34.05 RCW, in an adjudication. The commission will notify the person requesting the exemption, and other interested persons, of the date of the hearing or open meeting when the commission will consider the request.~~

~~(4) In determining whether to grant the request, the commission may consider whether application of the rule would impose undue hardship on the petitioner, of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the purposes of the rule.~~

~~(5) The commission will enter an order granting or denying the request, or setting it for hearing, pursuant to chapter 480-07 WAC.)~~ The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

AMENDATORY SECTION (Amending Docket No. UE-990473, General Order No. R-482, filed 5/3/01, effective 6/3/01)

**WAC 480-100-023 Definitions.** "Affiliated interest" means a person or corporation as defined in RCW 80.16.010.

**"Applicant"** means any person, corporation, partnership, government agency, or other entity that applies for service with an electric utility or who reapplies for service at a new or existing location after service has been discontinued.

**"Business day"** means Monday through Friday, 8:00 a.m. until 5:00 p.m., except for official state holidays.

**"Commission"** means the Washington utilities and transportation commission.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

**"Customer"** means any person, corporation, partnership, government agency, or other entity that has applied for, has been accepted, and is currently receiving service.

**"Electric utility (utility)"** means any business entity (e.g., corporation, company, association, joint stock association, or partnership) or person, including a lessee, trustee, or court appointed receiver that meets the following conditions:

Owns, controls, operates, or manages any electric plant for hire in Washington state; and

Is subject to the commission's jurisdiction.

**"Subsidiary"** means any company in which the electric utility owns directly or indirectly five percent or more of the voting securities, unless the utility demonstrates it does not have control.

Terms used in this chapter and defined in the public service laws of Washington state (i.e., principally Title 80 RCW) have the same meaning here as in the statutes. Terms not defined in these rules or the applicable statutes have the meaning generally accepted in the electric industry, or their ordinary meaning if there is no meaning generally accepted in the electric industry.

## PART ((2)) II--CONSUMER RULES

## PART ((3)) III--FINANCIAL RECORDS AND REPORTING RULES

## Subpart A: General Rules

### NEW SECTION

**WAC 480-100-207 Filing information.** (1) **Filing.** The commission records center will accept any filing under WAC 480-100-242 (Issuing securities) delivered in person, by mail, telefacsimile, or electronic mail message. The commission records center will accept all other reports required in Part III in person, by mail, or when procedures are in place, electronic mail message.

(2) **Commission may require additional information.** The commission may require pertinent information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

### NEW SECTION

**WAC 480-100-209 Additional reports.** Part III does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

## Subpart B: Financial Transaction Reporting Requirements

### NEW SECTION

**WAC 480-100-242 Issuing securities.** For the purpose of this section:

"Investment grade" means an electric utility whose corporate credit/issuer rating is in one of the four highest

rating categories of either Standard & Poor's L.L.C. or Moody's Investment Service Inc.

"Securities" means stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidence of indebtedness, or any obligation or liability as guarantor.

(1) **Electric utility rated investment grade.** Within five business days after an electric utility that is rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance was made, including a certification by an officer authorized to do so, that the proceeds from any such financing was for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction was in the public interest.

(2) **Electric utility not rated investment grade.** At least five business days before an electric utility that is not rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance will be made, including a certification by an officer authorized to do so, that the proceeds from any such financing is for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the proposed issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction is in the public interest.

Before issuance of the proposed security, the utility must file with the commission the terms of financing.

(3) A commission order is not required for such a filing. The utility may request a written order affirming that the utility has complied with the requirements of RCW 80.08.040. The utility must submit the request for a commission order, along with the information required in either subsection (1) or (2) of this section, at least fifteen business days before the requested effective date for the order.

(4) Filing a Registration Statement with the Securities and Exchange Commission using a shelf registration process does not constitute issuance of a security, and therefore a filing with the commission is not required under the provisions of RCW 80.08.040. A shelf registration filing is defined under the General Rules and Regulations promulgated under the Securities Act of 1933, Rule 415 - Delayed or Continuous Offering and Sale of Securities.

(5) An authorized representative must sign and date the filing and include a certification or declaration that the

information is true and correct under penalty of perjury as set forth in chapter 9A.72 RCW. The certificate or declaration must be in substantially the following form:

"I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct."

(6) Filings under this section may be submitted with portions designated confidential pursuant to WAC 480-07-160 (Confidential information).

(7) Within sixty days after the issuance of any securities, except for dividend reinvestment and employee benefit plans, a utility must file with the commission a verified statement:

(a) Outlining the final terms and conditions of the transaction; and

(b) Setting forth actual proceeds from the issuance and the disposition of proceeds stating the final amount to be used for each purpose allowed by RCW 80.08.030.

#### NEW SECTION

##### **WAC 480-100-244 Transferring cash or assuming obligations.**

(1) At least five business days before an electric utility that is not rated investment grade or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the utility must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds described in (a) or (b) of this subsection.

(a) The utility must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of two percent, which is based on the utility's common shareholders equity.

(b) When the threshold in (a) of this subsection has been reached, the utility must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the utility's common shareholders equity.

A utility's common shareholder equity is determined according to the latest annual report filed pursuant to WAC 480-100-252 (Federal Energy Regulatory Commission (FERC) Form No. 1). Information about the FERC Form No. 1 regarding the version adopted and where to obtain it is set out in WAC 480-100-999 (Adoption by reference).

(2) The reporting requirements in subsection (1) in this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities, including fuel supplies (e.g., gas, coal, or oil);

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court;

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the utility and its subsidiary or affiliate.

#### NEW SECTION

**WAC 480-100-245 Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 80.16.020, each electric utility must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the utility must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the utility must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the utility has failed to prove that it is reasonable and consistent with the public interest.

#### NEW SECTION

**WAC 480-100-248 Transfers of property.** Before selling, leasing, or assigning any of its property or facilities which are necessary or useful in the performance of its duties to the public, or before acquiring property or facilities of another public utility, an electric utility must obtain from the commission an order authorizing such transaction in accordance with chapters 80.12 RCW (Transfers of property) and 480-143 WAC (Commission general--Transfers of property).

## Subpart C: Annual Reporting Requirements

### NEW SECTION

**WAC 480-100-252 Federal Energy Regulatory Commission (FERC) Form No. 1.** (1) Each electric utility must use the annual report form (FERC Form No. 1) promulgated by the Federal Energy Regulatory Commission in Title 18 of the Code of Federal Regulations, Part 141, for purposes of this report to the commission. Data required by RCW 80.04.080 (Annual reports), but not included in the FERC Form No. 1, must also be submitted with the annual report. The utility must submit the annual report for the preceding calendar year, along with the regulatory fee, by May 1st of each year. If not presented in the prescribed FERC Form No. 1, the annual report must include the following data per customer class for the calendar year: Revenues, average customer count, and total unit sales. Information about the FERC Form No. 1 regarding the version adopted and where to obtain it is set out in WAC 480-100-999 (Adoption by reference).

(2) Each utility must also submit to this commission, in essentially the same format and content as the FERC Form No. 1, a report that documents the costs incurred and the property necessary to furnish utility service to its customers and the revenues obtained in the state of Washington. The report must include the following data per customer class for the calendar year: Revenues, average customer count, and total unit sales.

(3) Combination and multistate utilities must submit with the annual report their cost allocation methods necessary to develop results of operations for the state of Washington. Approval of cost allocation methods for rate-making purposes is accomplished only by commission order.

(4) The total utility results of operations reported by each utility in its annual report to the commission must agree with the results of operations shown on the utility's books and records.

### NEW SECTION

**WAC 480-100-257 Commission basis report.** (1) Commission basis reports are due within four months of the end of a utility's fiscal year.

(2) The intent of the commission basis report is to depict the electric operations of an electric utility under normal temperature and power supply conditions during the reporting period. The commission basis report must include:

(a) Booked results of electric operations and rate base, and all the necessary adjustments as accepted by the commission in the utility's most recent general rate case or subsequent orders;

(b) Results of operations adjusted for out-of-period, nonoperating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base; and

(c) Booked revenues and power supply expenses adjusted to reflect operations under normal temperature and power supply conditions before the achieved return on rate base is calculated.

(3) Commission basis reports should not include adjustments that annualize price, wage, or other cost changes during a reporting period, nor new theories or approaches that have not been previously addressed and resolved by the commission.

(4) Each utility must submit the basis of any cost allocations and the allocation factors necessary to develop the commission basis results of electric operations for the state of Washington.

#### NEW SECTION

**WAC 480-100-262 Securities report.** Each electric utility that has issued securities must file with the commission an annual securities transaction report. The report is due five months from the end of the utility's reporting period, whether a fiscal or calendar year. At a minimum, the report must contain:

(1) A schedule of the securities issued during the reporting period including a detailed description of the final agreements;

(2) A description of the use of proceeds stating the amounts used for each purpose allowed by RCW 80.08.030;

(3) The level of expenses for each of the securities transactions for the reporting period;

(4) A schedule of securities retired, refunded, repurchased, or otherwise removed from the utility's capitalization; and

(5) A schedule of securities scheduled to mature in the fiscal or calendar year following the reporting period.

NEW SECTION

**WAC 480-100-264 Affiliated interest and subsidiary transactions report.**

(1) Each electric utility must file an annual report summarizing all transactions that occurred between the utility and its affiliated interests, and the utility and its subsidiaries. The report is due one hundred fifty days from the end of each reporting period, whether a fiscal or calendar year. The report must include a corporate organization chart of the utility and its affiliated interests and subsidiaries.

(2) When total transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the utility must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the utility must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the utility and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the utility and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the utility for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the utility has transactions; and

(g) A list of all common officers and directors between the electric utility and each such affiliated interest or subsidiary, along with their titles in each organization.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The utility is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-100-245 (Affiliated interest--Contracts and arrangements).

NEW SECTION

**WAC 480-100-268 Essential utilities services contracts report.** (1) When the annual transactions with a vendor exceed one and one-half percent of total company sales to ultimate customers as reported in the utility's most recent Federal Energy Regulatory Commission (FERC) Form No. 1 (or combined Forms No. 1 and No. 2 for combined utilities), each electric utility must report the total contracts with that vendor for essential utility services specifying the relevant terms of the contract or contracts, along with anticipated associated charges. Information about the FERC Form No. 1 regarding the version adopted and where to obtain it is set out in WAC 480-100-999 (Adoption by reference).

(2) The report of essential service vendors is due one hundred twenty days from the end of each reporting period, whether a fiscal or calendar year.

(3) For each vendor the report must include:

(a) The parties to the contract;

(b) The type of contract;

(c) The essential obligations of each party to the contract;

(d) The length of the contract;

(e) The budgeted annual dollar value of the contract during the reporting period; and

(f) The actual payments for services rendered under the contract during the reporting period.

(4) Essential utility services are those services necessary to provide electric service such as:

(a) Operation or maintenance of electric system infrastructure;

(b) Operation or maintenance of computer systems;

(c) Purchase of electricity for classes of customer service regulated by the commission; and

(d) Construction of electric system infrastructure.

(5) The requirements under this section may be satisfied in whole or in part by cross-reference to the applicable portions of other documents that the utility has on file with the commission.

**Subpart D: Quarterly Reporting Requirement**

NEW SECTION

**WAC 480-100-275 Actual results for Washington operations report.** Within sixty days of the end of each quarter, each electric utility must file a report of actual results for Washington operations. The results of operations report must contain each of the three monthly balances and the latest twelve months' ending balance for all accounts of the uniform system of accounts. The report must include the average customer count and total unit sales per customer class for each reported period.

#### **PART IV--LEASE OF UTILITY FACILITIES**

#### **PART ((4)) V--METERING RULES**

#### **PART ((5)) VI--SAFETY AND STANDARDS RULES**

#### **NEW SECTION**

**WAC 480-100-282 Application for approval of lease of utility facilities.** Under the provisions of RCW 80.04.520, the applicant must certify that the requested approval of lease of utility facilities is necessary to exempt any owner of the facilities from being a public utility company under the Public Utility Holding Company Act of 1935.

#### **NEW SECTION**

**WAC 480-100-287 Form of lease application.** A filing for approval of lease of utility facilities must be submitted in the following form:

**Before The Washington Utilities And  
Transportation Commission**

**In the** No . . . .  
**Matter of the**  
**Appli**  
**cation of**  
**(insert name)**  
**for an Order**  
**Approving**  
**the Lease of**  
**Utility**  
**Facilities.**

(Number to  
be inserted by  
Commission)

.....

Application is hereby made to the Washington Utilities and Transportation Commission for an order authorizing the lease of utility facilities. The following general information and exhibits are furnished in support:

**GENERAL INFORMATION**

1. Name of applicant.
2. Address of principal office of applicant.
3. Name and address of attorney or agent.
4. State or states under which applicant is organized and form of organization.
5. A general description of the property owned by applicant and the field of its operations.

**EXHIBIT "A"**

A statement by applicant certifying that the requested approval is necessary or appropriate to exempt any owner of the facilities from being a public utility company under the federal Public Utility Holding Company Act of 1935.

**EXHIBIT "B"**

Detailed unconsolidated balance sheet as of three months before the date the application is filed, and a pro forma balance sheet as of the same date showing the effect of the proposed lease. Indicate separately the amount of intangibles and the amount reflected in plant acquisition adjustment account if such items are included in

the fixed capital or utility plant accounts of the balance sheet.

**EXHIBIT "B-1"**

(A) Detailed income and profit-and-loss statement for the twelve months ended as of the date of the balance sheet submitted as Exhibit "B."

(B) Reconciliation of the retained earnings account for the period covered by the income and profit-and-loss statement. Retained earnings should be segregated from other surplus accounts.

**EXHIBIT "C"**

1. A description of the property to be leased.
2. The historical or original cost of the property to be leased and the related accrued depreciation. (Estimated in both cases if actual amounts are not known.)
3. The amount of contributions in aid of construction.
4. Terms of the lease.

**EXHIBIT "D"**

Economic and financial justification for entering into the proposed lease including a lease versus purchase analysis.

**EXHIBIT "E"**

Show such other facts that may be pertinent to the application.

The undersigned applicant requests that the Washington Utilities and Transportation Commission enter an order granting this application.

Dated this  
day of \_\_\_\_\_, 20

By  
(Applicant/Title)

AMENDATORY SECTION (Amending General Order No. R-511, Docket No. A-030852, filed 12/22/03, effective 1/22/04)

**WAC 480-100-999 Adoption by reference.** In this chapter, the commission adopts by reference all or portions of regulations and standards identified below. They are available for inspection at the commission branch of the Washington state library. The publications, effective date, references within this chapter, and availability of the resources are as follows:

(1) Title 18 Code of Federal Regulations, cited as 18 CFR, including all appendices and amendments is published by the United States Government Printing Office.

(a) The commission adopts the version in effect on April 1, 2003.

(b) This publication is referenced in WAC 480-100-203 (Accounting system requirements) (~~and WAC 480-100-208 (Financial reporting requirements)~~), WAC 480-100-244 (Transferring cash or assuming obligation), WAC 480-100-252 (Federal Energy Regulatory Commission (FERC) Form No. 1), and WAC 480-100-268 (Essential utilities services contracts report).

(c) Copies of 18 CFR are available from the U.S. Government Printing Office in Pittsburgh, Pennsylvania.

(2) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is published by the National Association of Regulatory Utility Commissioners (NARUC).

(a) The commission adopts the version in effect in 1985.

(b) This publication is referenced in WAC 480-100-228 (Retention and preservation of records and reports).

(c) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is a copyrighted document. Copies are available from NARUC in Washington, D.C.

(3) The National Electrical Code is published by the National Fire Protection Association (NFPA).

(a) The commission adopts the version published in 2002.

(b) This publication is referenced in WAC 480-100-163 (Service entrance facilities).

(c) The National Electrical Code is a copyrighted document. Copies are available from the NFPA in Quincy, Massachusetts.

(4) The American National Standard for Electric Meters: Code for Electricity Metering, ANSI C12.1 is published by the American National Standards Institute.

(a) The commission adopts the version published in 2001.

(b) This publication is referenced in WAC 480-100-318 (Meter readings, multipliers, and test constants), WAC 480-100-338 (Accuracy requirements for electric meters), and WAC 480-100-343 (Statement of meter test procedures).

(c) The ANSI C12.1 is a copyrighted document. Copies are available from Global Engineering Documents in Englewood, Colorado.

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 480-100-208	Financial reporting requirements.
WAC 480-100-218	Securities, affiliated interests, and transfers of property.

**PART I--GENERAL RULES**

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-205 Application of rules.** The rules in this chapter apply to any water company that distributes, sells, or supplies water, and that meets requirements for commission regulation or jurisdiction under RCW 80.04.010 and WAC 480-110-255 (Jurisdiction). This includes investor-owned water companies that meet the jurisdictional threshold of serving one hundred or more customers or receive average revenue of four hundred twenty-nine dollars or more per customer per year.

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-110-215 Exemptions from rules in chapter 480-110 WAC.** (~~(1) The commission may grant an exemption of any rule in this chapter, if consistent with the public interest, the purposes underlying regulation, and applicable statutes.~~  
~~(2) To request a rule exemption, a person must file with the commission a written request identifying the rule for which an exemption is sought and giving a full explanation of the reason the exemption is requested.~~  
~~(3) The commission will assign the request a docket number, if needed, and schedule the request for consideration at one of its regularly scheduled open meetings or, if appropriate under chapter 34.05 RCW, in an adjudication. The commission will notify the person requesting the exemption, and other interested persons, of the date the commission will consider the request.~~  
~~(4) The commission will enter an order granting or denying the request or setting it for hearing, pursuant to chapter 480-07 WAC.)) The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).~~

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-225** (~~(Saving clause.)~~) Additional requirements. (~~The commission may impose additional or different requirements on any water company in response to a complaint or on its own motion. These rules do not relieve any water company from any of its duties and obligations under the laws of the state of Washington.~~) (1) These rules do not relieve any company from any of its duties and obligations under the laws of the state of Washington.

(2) The commission retains the authority to impose additional or different requirements on any company in appropriate circumstances, consistent with the requirements of law.

NEW SECTION

**WAC 480-110-227 Severability.** If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-235 Definition of control.** (1) For purposes of determining commission jurisdiction over a water company as defined in RCW 80.04.010, "control" means the water system operator or manager has discretion over the property or finances or operations of a water company which is normally exercised by an owner. Factors indicating control include, but are not limited to, whether the operator or manager:

(a) May authorize the purchase or sale of all or part of the water system or its water rights;

(b) May authorize capital additions or improvements to the system;

(c) May accept contributed plant;

(d) May authorize the expenditure or acquisition of funds (~~which~~) that encumber any asset of the company;

(e) May authorize the expenditure of funds for nonwater company purposes;

(f) Receives compensation of a type or amount having no reasonable relationship to the work performed or to be performed.

(2) Control does not include management by a satellite agency as defined in chapter 70.116 RCW if the satellite agency is not an owner of the water company.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-245 Glossary.** "**Applicant**" means any person, partnership, firm, corporation, municipality, cooperative organization, governmental agency, etc., that has completed a water company's application for water service.

"**Commission**" means the Washington utilities and transportation commission.

"**Contributions in aid of construction**" means any money, services or property received by a water company to fund capital investments at no cost to the company with no obligation to repay.

"**Customer**" means:

Anyone who has paid water company fees and/or has an accepted application for service; or

Anyone whose service connection is installed and is currently paying a ready-to-serve charge; or

Anyone who is actually receiving water service from the company with the knowledge of the company.

"**Extension**" means the water mains and equipment necessary to extend the company's transmission and distribution infrastructure. An extension may also be called a distribution extension, a main extension, or a line extension.

"**Facilities charge**" means a one-time fee that a new customer must pay, consistent with WAC 480-110-455 (Water company funding mechanisms), before the company will connect the customer's property to the water system.

"**Initial tariff**" means:

The tariff filed by a water company when it first becomes subject to the jurisdiction of the commission; or

The tariff filed by a water company that was formerly subject to commission jurisdiction, and has once again become jurisdictional. It does not mean a tariff filed to add a newly acquired system or company to the tariff of a currently jurisdictional company.

"**Jurisdictional customer**" means anyone who is actually receiving water service.

"**Potential customer**" means anyone to whom the water company has given a letter agreeing to provide service; and

The letter is currently enforceable and has not expired by its own terms; and

The property is not yet receiving any type of service.

**"Primary contaminants"** means substances that, when present in drinking water at levels exceeding designated maximum contaminant levels (MCL), may adversely affect the health of consumers. These MCLs are established as water quality "primary standards" and are based on chronic, nonacute, or acute human health effects.

**"Rate increase filing"** means any filing by the company that would:

Increase gross annual revenues of the company from activities regulated by the commission; or

Restructure tariffs so that one class of customer would provide more gross revenue than under the prior tariff structure. The term does not mean filings designed only to recover governmentally imposed taxes or periodic rate adjustments that have been authorized by commission order.

**"Ready-to-serve charge"** means the charge assessed by the water company when:

The water company has the ability to provide water service;

The water company has committed to provide water service; and

There is an installed service connection at the customer's property.

**"Reconnect charge"** means the charge specified in the company's tariff for restoring water service that has been disconnected:

At the customer's request; or

For nonpayment; or

For failure to comply with the company's rules.

**"Service area"** means the geographic area to which the company intends to provide water service using current plant.

**"Service connection"** means the pipes, valves, and fittings between the water company's distribution system and the customer's service line.

**"Standby charge"** means a charge imposed by some unregulated companies for having transmission and distribution infrastructure installed but without the current ability to provide water. It is also sometimes referred to as a system-readiness fee. The commission does not authorize this type of charge for regulated water companies.

**"Surcharge"** means a monthly charge or fee paid to the water company for plant or expenses. The surcharge is in addition to regular monthly service fees and typically has an expiration date or dollar limit and is subject to specific accounting requirements.

**"Water company"** or **"company"** means any corporation, company, association, joint stock association, partnership or person, their lessees, trustees or receivers appointed by any

court whatever, owning, controlling, operating or managing any water plant within the state of Washington for the purpose of furnishing water service to the public for hire and subject to the jurisdiction of the commission. It does not include management by a satellite management agency as defined in chapter 70.116 RCW if the satellite agency is not an owner of the water company.

**"Water system"** means all plant, equipment, and other assets used to provide water service for a specific location.

#### NEW SECTION

**WAC 480-110-261 Maps.** Each water company shall maintain a current map of each of its water systems showing the current service area. The company must provide the current maps to the commission for review within five business days of a request. The maps must contain enough detail to answer questions related to rates and charges and obligations to serve.

### **PART II--COMMON RULES**

AMENDATORY SECTION (Amending Docket No. A-020405, General Order No. R-504, filed 10/16/02, effective 1/1/03)

**WAC 480-110-335 Establishing credit and deposits.** (1) **Establishing credit - residential.** A company may not collect a security deposit if an applicant for residential service can establish satisfactory credit by any one of the following:

(a) The applicant had prior service with the company or another water company for twelve months before the application date and:

(i) Service was not disconnected for nonpayment;

(ii) The customer received no more than one delinquency notice; and

(iii) References with the other company (if applicable) can quickly and easily be checked. The company may request that the references from the previous company be in writing.

(b) The applicant had consecutive employment during the prior twelve months with no more than two employers and is currently employed or has a regular source of income.

(c) The applicant owns or has a legal interest in the premises being served.

(d) The applicant can furnish a satisfactory guarantor who will be responsible for payment of water service bills in the event of disconnection or default by the customer, in a specified amount, not to exceed the amount of the cash deposit required.

(e) The applicant personally produces at the company's business office two major credit cards, or other credit references that the company can quickly and easily check, that demonstrate a satisfactory payment history.

(2) **Establishing credit - nonresidential.** A company may require an applicant for nonresidential water service to demonstrate that the applicant is a satisfactory credit risk by reasonable means appropriate under the circumstances.

(3) **Deposit requirements.** A company may require a deposit if:

(a) The applicant has failed to establish a satisfactory credit history as outlined in subsections (1) or (2) of this section;

(b) The applicant's service from another water company was disconnected for failure to pay amounts owing when due during the twelve months before the application date;

(c) The applicant has an unpaid, overdue balance owing for similar service from the water company to which application is being made or from any other water company;

(d) Two or more delinquency notices have been served on the applicant by any water company during the prior twelve months; or

(e) The application is for beginning or continuing service to a residence where a prior customer still lives and owes a past due bill to the company.

(4) **Deposit amount.** Deposits required for a customer or location must not exceed:

(a) Two-twelfths of the estimated annual billings for companies billing monthly;

(b) Three-twelfths of estimated annual billings for companies billing bimonthly;

(c) Four-twelfths of estimated annual billings for companies billing trimonthly.

(5) **Transfer of deposit.** When a customer moves to a new address within the company's service territory, the deposit plus accrued interest, less any outstanding past-due balance owing from the old address, must be transferred to the new address or refunded.

(6) **Interest on deposits.** Companies that collect customer deposits must pay interest on those deposits calculated:

(a) (~~For each calendar~~) Effective February 1 of each year, at the rate for the one-year Business Day Treasury Constant Maturity calculated by the U.S. Treasury, as published

in the Federal Reserve's Statistical Release H.15 on January 15 of that year. If January 15 falls on a nonbusiness day, the company will use the rate posted on the next ~~((following))~~ business day; and

(b) From the date of deposit to the date of refund or when applied directly to the customer's account.

(7) **Deposit payment arrangements.** The company must allow an applicant or customer the option of paying fifty percent of the deposit prior to service, and paying the remaining balance in equal amounts over the next two months, on the dates mutually agreed upon between the applicant or customer and the company. The company and applicant or customer may make other mutually acceptable deposit payment arrangements.

(8) **Receipt for deposit.** A company must furnish a receipt to each applicant or customer for the amount deposited.

(9) **When refund of deposits is required.** A company must refund deposits plus accrued interest when there has been satisfactory payment, as defined in (a) of this subsection, or when service is terminated.

(a) "Satisfactory payment" means a customer has paid for service for twelve consecutive months in a prompt and satisfactory manner as evidenced by the following:

(i) The company has not started a disconnection process against the customer; and

(ii) The company has sent no more than two delinquency notices to the customer.

(b) Termination of service. When service is terminated, the company must return to the customer the deposit amount plus accrued interest, less any amounts due the company by the customer.

(10) **How deposits are refunded.** The company must refund any deposit plus accrued interest, as indicated by the customer at the time of deposit, or as modified by the customer on a later date, using one of the following methods:

(a) A check issued and mailed to the customer no later than fifteen days following completion of twelve months of satisfactory payment, as described above; or

(b) A credit applied to the customer's account for service beginning in the thirteenth month.

(11) **Additional deposit.** If a deposit or additional deposit amount is required after the service is established, the reasons must be specified to the customer in writing. Any request for a deposit or additional deposit amount must comply with the standards outlined in subsections (1) and (2) of this section. If the original deposit was secured by a guarantor and the guarantor does not agree to be responsible for the additional deposit amount, the customer will be held responsible for paying the additional deposit.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-355 ((Discontinuance)) Discontinuing of service.** (1) **Service may be disconnected either by customer direction or by company action:**

(a) **Customer-directed((-----)).** Customers wanting to discontinue service must notify the water company. The company must disconnect the service as requested by the customer. If the customer fails to request disconnection of service the customer will be responsible to continue paying for water service at the company's tariff rate until the company becomes aware that the customer vacated the property.

(b) **Company-directed: Notice requirements** - After properly notifying the customer, as explained in subsection (3) of this section, the water company may discontinue service to its customers for:

(i) Unpaid bills, as provided for in WAC 480-110-375 (Form of bills);

(ii) Water use for purposes or properties other than those specified in the customer's application for service;

(iii) Willful waste of water through improper or defective piping, equipment, or otherwise;

(iv) Piping or equipment that does not meet the company's standards or fails to comply with other applicable codes and regulations;

(v) Tampering with the company's property;

(vi) Vacating the premises;

(vii) Nonpayment of any proper charges, including deposit, as provided in the company's tariff;

(viii) Refusing to allow access as required in WAC 480-110-305 (Access to premises);

(ix) Violating rules, service agreements, or effective tariffs, including violation of outdoor watering instructions given to customers in order to curtail water use during time of shortage;

(x) Use of equipment that detrimentally affects the company's service to its other customers.

(c) **Service obtained by fraud: No notice required before termination** - A water company may terminate service without notice when it discovers that a customer has obtained service fraudulently. Examples of fraud include: When service is connected without the company's knowledge, when service is obtained by fraudulent means or representations, or when service is used to provide service to other persons who are required to obtain their own service.

(i) **First offense:** The company may disconnect service immediately and without prior notice when it discovers fraud, unless the customer immediately pays:

(A) The tariff rate for service that the company estimates was taken fraudulently; plus

(B) All company costs resulting from the fraudulent use and all applicable fees; plus

(C) Any applicable required deposit.

(ii) **Second offense:** The company may disconnect service immediately and without prior notice when it discovers further fraud. The company may refuse to reconnect service to a customer who has been disconnected for further fraud.

(iii) **Commission review:** A customer may ask the commission to review any company determination of fraud through an informal or formal complaint. The company has the burden of proving that fraud occurred. However, this rule does not relieve any person who has committed fraud from civil or criminal responsibility.

(2) **Medical emergencies((---)).** When a water company has cause to disconnect or has disconnected a residential service, it must postpone disconnection of service or must reinstate service for a grace period of five business days after receiving either verbal or written notification of the existence of a medical emergency. In cases of actual emergencies when service is reinstated, payment of a reconnection charge and/or deposit shall not be required prior to reinstatement of service.

(a) The company may require that the customer, within five business days, submit written certification from a qualified medical professional stating that the disconnection of water service would significantly endanger the physical health of a resident of the household. "Qualified medical professional" means a licensed physician, nurse practitioner, or physician's assistant authorized to diagnose and treat the medical condition without supervision of a physician. Nothing in this section precludes a company from accepting other forms of certification, but the maximum the company can require is written certification. If the company requires written certification, it may require that the certification include some or all of the following information:

(i) Residence location;

(ii) An explanation of how the physical health of the person will be endangered by disconnection of local service;

(iii) A statement of how long the condition is expected to last; and

(iv) The title, signature and telephone number of the person certifying the condition.

(b) A medical emergency does not excuse a customer from paying delinquent and ongoing charges. The company may require that the customer do the following within the five business day

grace period: Pay a minimum of twenty-five percent of the delinquent balance and enter into an agreement to pay the remaining delinquent balance within ninety days and to pay subsequent bills when due. Nothing in this section precludes the company from agreeing to an alternate payment plan, but the company may not require the customer to pay more than this subsection prescribes. The company must send a notice to the customer confirming the payment arrangements within two business days.

(c) If within the five-day grace period the customer fails to provide an acceptable payment arrangement, the company may disconnect service without further notice.

(d) If the customer fails to abide by the terms of the payment agreement the company may disconnect service without further notice.

(e) The medical certification is valid only for the length of time the health endangerment is certified to exist but no longer than six months unless renewed.

(3) **Required notice prior to disconnecting service**(~~(— Water companies)~~). Each water company must notify customers before disconnecting their service except in case of danger to life or property, fraudulent use, impairment of service, or violation of law. In all other cases, the company must not disconnect service until it has met the following requirements:

(a) The company must serve a written disconnection notice on the customer, either by mail, or, at the company's option, by personal delivery of the notice to the customer's address, attached to the primary door. Each disconnection notice must include:

(i) A delinquent date that is no less than eight business days after the date of personal delivery or mailing if mailed from inside the state of Washington or a delinquent date that is no less than eleven days if mailed from outside of the state of Washington; and

(ii) All pertinent information about the reason for the disconnection notice and how to correct the problem; and

(iii) The company's name, address, and telephone number by which a customer may contact the company to discuss the pending disconnection of service.

(b) In addition to (a) of this subsection, a second notice must be provided by one of the two options listed below:

(i) **Delivered notice**(~~(—)~~). The company must deliver a second notice to the customer and attach it to the customer's primary door. The notice must contain a deadline for compliance that is no less than twenty-four hours after the time of delivery that allows the customer until 5:00 p.m. of the following day to comply; or

(ii) **Mailed notice((—))**. The company must mail a second notice, which must include a deadline for compliance that is no less than three business days after the date of mailing if mailed from within the state of Washington or six days if mailed outside the state of Washington.

(c) Disconnection notices must:

(i) Include detailed information pertinent to the situation; and

(ii) Include the company's name, address and telephone number by which the customer may contact the company to discuss the pending disconnection of service; and

(iii) Expire after ten business days from the first day that the company may disconnect service, unless other mutually agreed upon arrangements have been made and confirmed in writing by the company. If mutually accepted arrangements are not kept, the company may disconnect service without further notice.

(d) Except in case of danger to life or property, companies may not disconnect service on Saturdays, Sundays, legal holidays, or on any other day on which the company cannot reestablish service on the same or following day.

(e) A company employee dispatched to disconnect service must accept payment of a delinquent account at the service address if tendered in cash, but is not required to give change for cash tendered in excess of the amount due and owing. The company must credit any excess payment to the customer's account. When disconnection does not take place due to payment made by the customer, the company may assess a fee for the disconnection visit to the service address as provided in the company's tariff. The disconnection notice must describe the disconnection visit charge, the amount, and the circumstances under which the charge will be made.

(f) When service is provided through a master meter, or when the utility has reasonable grounds to believe service is to other than the customer of record, the company must undertake reasonable efforts to inform occupants of the service address of the impending disconnection. Upon request of one or more service users, where service is to other than the customer of record, a minimum period of five days must be allowed to permit the service users to arrange for continued service.

(g) When service is provided to a hospital, medical clinic with resident patients, or nursing home, notice of pending disconnection must be provided to the director of the Washington department of health, and to the customer. Upon request to the company from the Washington department of health director or designee, an additional five business days must be allowed before disconnecting service to allow the department to take whatever steps are necessary to protect the interests of

resident patients who are responsibilities of the Washington department of health.

(h) Service may not be disconnected while the customer is pursuing any remedy or appeal provided by these rules or while engaged in discussions with the company's representatives or with the commission. However, any amounts not in dispute must be paid when due and any conditions posing a danger to health, safety, or property must be corrected.

(4) **Payments at a payment agency**~~((---))~~. Payment of any past due amounts to a designated payment agency of the water company constitutes payment when the customer informs the company of the payment and the company has verified the payment with the payment agency.

(5) **Reconnecting water service after disconnection**~~((---))~~. The water company must restore disconnected service when the customer has paid, or the company has agreed to bill, any reconnection charge and:

- (a) The causes of disconnection are removed; or
- (b) The customer pays all proper charges; or
- (c) The customer pays any applicable deposit as provided for in the company tariff in accordance with WAC 480-110-335 (Establishing credit and deposits).

The commission may order reconnection pending resolution of any bona fide dispute between the company and the customer over the propriety of disconnection.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-365 Service responsibilities.** (1) **Customer responsibility** - Customers must notify the water company in writing prior to making a change in equipment or usage that will materially affect the service being provided by the company. The customer must:

- (a) Provide the company adequate time to install necessary additional facilities or supply; and
- (b) Pay an equitable share of the cost of necessary additional facilities, if any, as provided in the company's tariff or through a contract submitted to the commission for approval.

(2) **Water company responsibility**~~((---Water companies))~~. Each water company must:

- (a) Install and maintain all equipment at appropriate locations necessary to operate the system;
- (b) Install additional equipment as required by the commission in connection with performing special investigations; and

(c) Notify all affected customers when changes to the service will require customers to adjust their equipment.

(i) If the customer has been advised of the needed change prior to taking service, the company has no obligation to pay for any costs in connection with making required changes to the customer's equipment.

(ii) If the change in service is required by law, the company has no obligation to pay for any costs in connection with making required changes to the customer's equipment.

(iii) Otherwise when equipment must be adjusted to permit use under the changed conditions, the cost of any necessary adjustments must be equitably shared by the company and customer.

(3) **Maintenance((---))**. Each water company must maintain its plant and system in a condition that enables it to furnish adequate service and meet its obligation under chapter 246-290 WAC, Public water supplies or chapter 246-291 WAC, Group B public water systems, as applicable.

(4) **Quality of water((---))**. Each water company must meet Washington department of health requirements under chapter 246-290 or 246-291 WAC, as applicable.

(5) **Protection of water supply((---))**. Each water company must protect its sources of supply, as required by Washington department of health under chapter 246-290 or 246-291 WAC, as applicable.

(6) **Operations and maintenance((---))**. Each water company must comply with Washington department of health rules regarding operation and maintenance, as required under chapter 246-290 or 246-291 WAC as applicable, and by good engineering practices.

(7) **Test records((---))**. Each water company must:

(a) Keep a complete record of each test made for quality and service conditions as required under these rules. The records must contain complete information concerning the test, including such items as the commission may require;

(b) Provide the records to the commission staff upon request.

(8) **Interruption of service and service outages:**

(a) Each water ((companies)) company must make all reasonable efforts to avoid outage of service but are not insurers in the event of emergency, acts of God, or similar event. When outages do occur, the company must make reasonable efforts to reestablish service with a minimum of delay.

(b) When making necessary repairs or changes to its facilities, a water company:

(i) May interrupt service for a period of time as reasonably necessary and in a manner that minimizes the inconvenience to the customers; and

(ii) Must attempt to do the work during working hours regularly maintained by the company.

(c) A water company may interrupt service without incurring any liability.

(9) **Notice of service interruptions** (~~(---Water companies)~~).  
Each water company must:

(a) Notify its customers of a scheduled interruption twenty-four hours in advance through newspapers, radio announcements, or other means;

(b) Notify police and fire departments affected by the interruption individually;

(c) Keep a record of all interruptions of service affecting a substantial number of customers, including in such records:

(i) The location;

(ii) The date and time;

(iii) The duration; and

(iv) The cause of each interruption, if known.

(d) Provide copies of records to the commission staff, upon request;

(e) Notify the Washington department of health.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-375 Form of bills.** (1) Customer bills must:

(a) Be issued at intervals not to exceed three months and identify if the water company is billing in arrears or advance;

(b) Show a reference to the applicable rate schedule;

(c) Identify and show each separate charge as a line item;

(d) Show the total amount of the bill;

(e) Include enough information that, together with tariff rates, the customer can calculate his or her bill (a copy of the tariff is available for review at company or from the commission upon request);

(f) Show the date the bill becomes delinquent if not paid. The minimum specified time must be fifteen days after the bill's mailing date, if mailed from within the state of Washington, or eighteen days if mailed from outside the state of Washington, after the bill's mailing date.

A customer may request to pay by a certain date that is not the normally designated payment date when showing good cause. Good cause may include, but is not limited to, adjustment of a billing cycle to parallel receipt of income. The preferred payment date must be prior to the next invoice date.

(g) Include the water company's name, business address, and telephone number and/or emergency telephone number by which a customer may contact the company;

(h) If the customer is metered, include the current and previous meter readings, the current read date, and the number and kind of units consumed;

(i) Show taxes and any tax percentage rate that the taxes are computed from. Taxes must be totaled to show a total taxed amount. Upon request, the company must provide a detail of the computation of the tax amount. Taxes, as used here, represent municipal occupation, business and excise taxes that have been levied by a municipality against the company, and are being passed on to the customer as a part of the charge for water service; and

(j) Clearly identify when a bill has been estimated.

(2) (~~Water companies~~) Each water company may prorate bills for customers who have taken service for a fraction of the billing period. If the company does not have its method of prorating bills in its tariff, the company must prorate bills in the following manner:

(a) For flat rate service, the charge must be prorated on the basis of the proportionate part of the period during which service was rendered.

(b) For metered service the charge will be equal to:

(i) The applicable minimum charge as shown in the company's tariff must be prorated on the basis of the proportionate part of the period during which service was rendered; plus

(ii) Any water usage charge computed using rates and allowances shown in the company's tariff.

(3) The water company must include its method for estimating bills in its tariff. Estimating of bills is allowed for no more than two consecutive billing cycles.

(4) When a company has cause to back-bill a customer, the company must allow the customer payment arrangements, if requested, for the same number of months to pay equal to the cumulative total of months being back-billed. (Example: If the company is back-billing for a one-year period, the company must allow the customer twelve months of equal payments to pay the total amount of the back billing.) These payments will be in addition to current billings.

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-110-385 Water company responsibility for complaints and disputes.** (1) If a water company receives a complaint or dispute from a customer or an applicant for service it must:

(a) Acknowledge the complaint;

(b) Investigate promptly;

(c) Report the results of the investigation to the complainant;

(d) Take corrective action, if warranted, as soon as appropriate under the circumstances;

(e) Inform the complainant that the decision may be appealed to a higher level representative at the company, if any;

(f) Inform the complainant, if still dissatisfied after speaking with the higher level representative, of the commission's availability for review of the complaint; and

(g) Provide the complainant with the commission's address and toll-free telephone number.

(2) Applicants, customers, or their representatives, may file with the commission:

(a) An informal complaint against the company as set forth in WAC 480-07-910 (Informal complaints); and/or

(b) A formal complaint against the company as set forth in WAC 480-07-370 (Pleadings--General).

(3) When commission consumer affairs staff refers an informal complaint to the company, the company must:

(a) Investigate and report the results to the commission consumer affairs staff within two business days. The commission consumer affairs staff may grant an extension of time for responding to the complaint, if requested and warranted;

(b) Keep the commission consumer affairs staff informed of progress toward the solution and the final result.

(4) Each water company must keep a record of all complaints concerning service or rates for at least one year and, on request, make them readily available for commission review. The record must contain:

(a) Complainant's name and address;

(b) Date and nature of the complaint;

(c) Action taken; and

(d) Final result.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-395 Water quality refunds.** (1) (~~Water companies~~) Each water company may be required to refund water charges due to poor water quality only:

(a) Upon commission order resulting from a formal proceeding before the commission; and

(b) When there are violations of the Washington department of health water quality standards in WAC 246-290-310 (~~(primary contaminants)~~) (Maximum contaminant levels (MCLs) and maximum residual disinfectant levels (MRDLs)); and

(c) If the company does not take follow up steps outlined in WAC 246-290-320 (Follow-up action).

(2) The amount of the refund will be determined in a formal proceeding before the commission and is not recoverable through rates or charges.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-415 Meters. (1) Water company rights and responsibilities:**

(a) (~~The~~) Each water company must:

(i) Bear the cost of the meter and meter installation.

(ii) Install water meters that are in working order and accurately measure water flow.

(iii) Record meter serial numbers and identify location of installation.

(iv) Repair or replace a malfunctioning meter at its expense unless a customer causes the malfunction.

(b) The water company may:

(i) Install meters and charge the tariff meter rate after thirty days notice to affected customers.

(ii) Install any apparatus to detect fraud or waste without notifying the customer.

(2) **Water customer rights and responsibilities:**

(a) A customer may request that a standard residential meter as defined in the company's tariff be installed, provided that metered rates are in effect.

(b) When a customer requests a meter installation, the water company may charge the customer in advance for the meter cost and meter installation, if such charge is included in the company's tariff. The company must reimburse the customer, by bill credit, at least ten percent of the meter and installation charge each month until fully paid.

(c) The water company has thirty days from the date of request to install the meter.

(d) If the water company fails to install the meter within the time limit in (c) of this subsection, the customer must be charged only the meter minimum charge until the meter is installed.

(e) If a customer tampers with a meter, the customer will be liable to the company for any repair or replacement costs.

(f) If the customer requests assistance in reading a meter, the water company must provide information on how to read the meter.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-425 Water company customer notice requirements.** (1) Each water company must submit a draft customer notice~~((s must be submitted))~~ to the commission for review at least one week ~~((prior to))~~ before the company's planned printing date for distribution.

(2) At a minimum, the water company must notify:

(a) Customers and potential customers who may be affected by the water company's proposal; and

(b) The public affairs section of the commission.

(3) Customers must receive notice thirty days ~~((prior to))~~ before the requested effective date when a water company proposes to:

(a) Increase rates;

(b) Change terms and/or conditions of an existing service;

(c) Change the ownership or control of the operating company (see WAC 480-143-210 (Transfer customer notice requirements) for content of notice);

(d) Institute a charge for a service that was formerly provided without charge; or

(e) Eliminate or grandfather any service.

(4) Content of notice for rate change - The notice to customers must contain, at a minimum, the following:

#### IMPORTANT NOTICE

(a) Date

(b) (Insert water company name) has filed for approval from the Washington utilities and transportation commission to increase rates (insert total annual revenue). If approved, the rates will be effective on (insert effective date).

(c) (Clearly explain the reason for the proposal - be specific.)

<b>Current Rates/Services</b>	<b>Proposed Rates</b>
\$	\$

(d) If you have questions about the proposed filing and how it will affect you, please call (insert company name & office phone number). If you have questions about the rate making process, you may contact the Washington Utilities and Transportation Commission at the following

address: WUTC, 1300 S. Evergreen Park Drive  
S.W., P.O. Box 47250, Olympia, WA 98504-  
7250; 1-800-562-6150 (toll-free) or by e-mail  
comments@wutc.wa.gov.

(e) If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented at the commission's open meeting to be included as part of the formal record. The commission is interested in receiving your views regarding this proposal whether in favor or not. All open meetings are held in Olympia, WA. If you would like to be added to the commission's mailing list to be notified of the open meeting date, please call 1-800-562-6150 and leave your name, complete mailing address, the water company's name, and a description of the proposal you are interested in.

Sincerely,  
(Company Name/Representative)

(5) Notice after commission action is permitted only when the commission approves an increase in federal, state, county or city-imposed taxes, fees or surcharges, and when credits are issued.

(a) At a minimum, notice after commission action must include the effective date, a clear description of changes to rates or services resulting from the commission's decision, and a company contact number where customers may seek additional information.

(b) Any notice after commission action may be accomplished by a bill message, bill insert, printed in a company newsletter, or mailed separately to customers.

(c) The commission may require other notification to the public as it determines necessary.

### **PART III--RATES AND CHARGES RULES**

#### NEW SECTION

**WAC 480-110-431 Tariffs.** Tariffs filed by a water company must conform to the rules of this section and chapter 480-80 WAC Utilities general--Tariffs, unless the commission has authorized deviation from the rules in writing.

NEW SECTION

**WAC 480-110-433 Adopted and initial tariffs.** A water company must file revisions to its filed tariff within thirty days of its acquisition of new service area, whether by acquisition of another regulated water company or by acquiring one or more previously unregulated water systems.

(1) **Adopted tariffs - when a regulated company acquires another regulated company.** Any regulated water company acquiring a regulated water company must adopt the latter's tariff. An adoption form must be completed and filed with the commission by the acquiring water company within thirty days of the acquisition. The commission will supply an adoption form upon request.

(2) **Incorporate into existing tariff - when a regulated water company acquires a nonregulated company.**

(a) When a regulated water company acquires a nonregulated water company or water system, the acquiring water company must file a separate tariff page indicating the name of the newly acquired company or system with the rates and charges that were in existence before the acquisition.

(b) If the acquired nonregulated company or water system was previously subject to commission jurisdiction, the acquiring water company must file a separate tariff page indicating the name of the newly acquired company or system with the rates and charges in effect for the acquired company at the time the acquired company was removed from regulation.

(c) No other rates and charges may apply to the customers on the newly acquired system except those specifically shown on the new tariff page unless the company obtains the commission's approval to charge a different rate.

(3) **Initial tariffs - when a company becomes jurisdictional.**

(a) An initial tariff must be filed in a standard tariff format. The commission will provide illustrations of the standard format upon request.

(b) The tariff must be accompanied by a cover letter describing the filing as an initial tariff.

(c) Customers must be notified before the commission receives the filing.

(d) The filing must be accompanied by supporting financial data justifying the proposed rates. See WAC 480-07-530 (General rate proceedings--Water companies).

(4) **Initial tariffs - a company that was previously subject to commission jurisdiction.** If a company or water system was previously subject to commission jurisdiction and once again

becomes jurisdictional, the company must file a tariff with the rates and charges in effect at the time the company was last removed from regulation.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-445 Service connections and customer service lines.** A service connection is the pipes, valves, and fittings between the water company's distribution system and the customer's service line. The customer's service line is the water line from the customer's points of usage to the water company's service connection.

(1) **Service connection charge and service connection length.** The length of a service connection can vary depending on where the customer's service line is or will be located. A tariffed service connection charge may be assessed for the cost of a new service connection. However, if the service connection is longer than the distance from the water distribution main to the outside edge of the right of way or easement that runs along or parallel to the water distribution main and closest to the customer's property line, the cost of such an extension may be financed as line extension, at the option of the company. The related line extension contract is subject to approval by the commission under WAC 480-110-435 (Extension contracts).

Place illustration here.

(2) Service connections may be installed when the system is built or at a later date, after the system is operational. A service connection charge may be based on the average installation cost for new service connections in subsection (3)(a) and (b) of this section. The service connection must be owned and maintained by the water company.

(3) A water company may assess a service connection charge, if named in its tariff, to recover the cost of the service connection:

(a) Installed by the water company during construction of the water system; or

(b) Installed after the distribution system had been buried and in service; or

(c) When the service connection has been previously removed for good cause and must be reinstalled to provide water service.

(4) A service connection charge must not be assessed if:

(a) The water company did not incur any cost to install the service connection (e.g., the service connection is a contribution in aid of construction);

(b) The water company is just installing a meter; or

(c) The water company is merely opening a valve to connect the company's distribution system to the customer's service line.

(5) The company may install the service connection to the property line, property corner, or to a location on the property mutually agreed upon. The company may install a meter or valve at any point along the service connection line or at a different mutually agreed location provided that in such event the property line will nevertheless be deemed the point of delivery.

(6) The customer's service line must be installed to provide easy access to the water company's distribution system. If there is doubt as to where the proper location should be, the customer must consult with the water company and agree on a location.

(7) The water company may request that the trench be left open and customer's service line exposed in order to inspect the connection for potential problems. The water company must complete the inspection within two business days after notification that the trench is open.

## **PART IV--FINANCIAL RECORDS AND REPORTING RULES**

### **Subpart A: General Rules**

NEW SECTION

**WAC 480-110-456 Definitions.** The definitions in this section apply to Part IV of this chapter.

**"Affiliated interest"** means a person or corporation as defined in RCW 80.16.010.

**"Business day"** means the same as defined in WAC 480-07-120 (Office hours).

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

**"Investment grade"** means a water company whose corporate credit/issuer rating is in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's Investment Service Inc.

**"Securities"** means stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidence of indebtedness, or any obligation or liability as guarantor.

**"Subsidiary"** means any company in which the water company owns directly or indirectly five percent or more of the voting securities, unless the water company demonstrates it does not have control.

NEW SECTION

**WAC 480-110-457 Filing information.** (1) **Filing.** The commission records center will accept any filing under WAC 480-110-525 (Issuing securities) delivered in person, by mail, telefacsimile, or electronic mail message. The commission records center will accept all other reports required in Part IV in person, by mail, or when procedures are in place, electronic mail message.

(2) **Commission may require additional information.** The commission may require pertinent information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

NEW SECTION

**WAC 480-110-459 Additional reports.** Part IV does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-465 Expenditures for political (~~(information and political education)~~) or legislative activities.** (~~((1) The commission will not allow expenses for political information or political education activities for ratemaking purposes.~~

~~(2) Political information and political education activities include, but are not limited to:~~

~~(a) Encouraging support or opposition to ballot measures, legislation, candidates for an office, or current public office holders.~~

~~(b) Soliciting support for political action committees.~~

~~(c) Gathering data for political mailing lists.~~

~~(d) Soliciting political contributions or recruiting political volunteers.)~~ (1) The commission will not allow either direct or indirect expenditures for political or legislative activities for ratemaking purposes.

(2) For purposes of this rule, political or legislative activities include, but are not limited to:

(a) Encouraging support or opposition to ballot measures, legislation, candidates for a public office, or current public office holders;

(b) Soliciting support for or contributing to political action committees;

(c) Gathering data for mailing lists that are generated for the purposes of encouraging support for or opposition to ballot measures, legislation, candidates for public office, or current office holders, or encouraging support for or contributions to political action committees;

(d) Soliciting contributions or recruiting volunteers to assist in the activities set forth in (a) through (c) of this subsection.

(3) Political or legislative activities do not include activities directly related to appearances before regulatory or local governmental bodies necessary for the utility's operations.

AMENDATORY SECTION (Amending Docket No. A-0203379, General Order No. R-501, filed 8/26/02, effective 9/26/02)

**WAC 480-110-485 (~~Retention and preservation of~~) Retaining and preserving records and reports.** (1) The water company must retain all records and reports for three years unless otherwise specified in subsection (2) of this section.

(2) The *Regulations to Govern the Preservation of Records of Electric, Gas and Water Companies*, published by the National Association of Regulatory Utility Commissioners is prescribed as the requirement for the state of Washington. Information about the *Regulations to Govern the Preservation of Records of Electric, Gas and Water Companies* regarding the version adopted and where to obtain it is set out in WAC 480-110-999, Adoption by reference.

#### **Subpart B: Reporting Requirements**

#### NEW SECTION

**WAC 480-110-505 Accounting and reporting requirements and regulatory fees.** (1) Water companies must use the uniform system of accounts (USOA) published by the National Association of Regulatory Utility Commissioners (NARUC). Information about the USOA regarding the version adopted and where to obtain it is set out in WAC 480-110-999 (Adoption by reference). The USOA sets out the accounting requirements for Class A, B, and C water companies.

Water companies are classified by revenues.

Class	Annual Gross Operating Revenue
A	\$1,000,000 or more
B	\$200,000 to \$999,999
C	Less than \$200,000

(2) A water company may use the accounting requirements for a higher class if it chooses.

(3) The commission will distribute an annual report form that each water company must complete and file with the commission for the prior calendar year. The annual report must be filed, and the company's regulatory fee paid, no later than May 1 of each year.

(4) A written request for the extension of the time for filing the annual report can be made prior to May 1. The commission does not grant an extension of time for payment of regulatory fees.

NEW SECTION

**WAC 480-110-515 Reports of accidents.** Each water company must notify the commission within seventy-two hours after every accident resulting in death or serious injury to any person occurring in its plant or through contact with its facilities. At a minimum, the report must include the name of the injured person, time and place of the accident, and an explanation of the accident. The water company may notify the commission by phone, but must provide a written report within five business days.

NEW SECTION

**WAC 480-110-525 Issuing securities.** (1) **Water company rated investment grade.** Within five business days after a water company that is rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance was made, including a certification by an officer authorized to do so, that the proceeds from any such financing was for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction was in the public interest.

(2) **Water company not rated investment grade.** At least five business days before a water company that is not rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance will be made, including a certification by an officer authorized to do so, that the proceeds from any such financing is for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the proposed issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction is in the public interest.

Before issuance of the proposed security, the company must file with the commission the terms of financing.

(3) A commission order is not required for such a filing. The company may request a written order affirming that the company has complied with the requirements of RCW 80.08.040. The company must submit the request for a commission order, along with the information required in either subsection (1) or (2) of this section, at least fifteen business days before the requested effective date for the order.

(4) Filing a Registration Statement with the Securities and Exchange Commission using a shelf registration process does not constitute undertaking the issuance of a security, and therefore a filing with the commission is not required under the provisions of RCW 80.08.040. A shelf registration filing is defined under the General Rules and Regulations promulgated under the Securities Act of 1933, Rule 415 - Delayed or Continuous Offering and Sale of Securities.

(5) An authorized representative must sign and date the filing and include a certification or declaration that the information is true and correct under penalty of perjury as set forth in chapter 9A.72 RCW. The certificate or declaration must be in substantially the following form:

"I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct."

(6) Filings under this section may be submitted with portions designated confidential pursuant to WAC 480-07-160 (Confidential information).

(7) Within sixty days after the issuance of any securities, except for dividend reinvestment and employee benefit plans, a company must file with the commission a verified statement:

(a) Outlining the final terms and conditions of the transaction; and

(b) Setting forth actual proceeds from the issuance and the disposition of proceeds stating the final amount to be used for each purpose allowed by RCW 80.08.030.

#### NEW SECTION

##### **WAC 480-110-535 Transferring cash or assuming obligation.**

(1) At least five business days before a water company that is not rated investment grade or its subsidiary transfers cash to any of its affiliated interests or subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the company must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds as described in (a) or (b) of this subsection.

(a) The company must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of five percent, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(b) When the threshold in (a) of this subsection has been reached, the company must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(2) The reporting requirements in subsection (1) of this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities;

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court; or

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the company and its subsidiary or affiliate.

#### NEW SECTION

**WAC 480-110-545 Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 80.16.020, each water company must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the company must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the company must file a verified summary of any modification or amendment. The commission may institute an investigation and disapprove the contract or arrangement if the commission finds the company has failed to prove that it is reasonable and consistent with the public interest.

NEW SECTION

**WAC 480-110-555 Transfers of property.** Before selling, leasing, or assigning any of its property or facilities which are necessary or useful in the performance of its duties to the public, or before acquiring property or facilities of another public utility, a water company must obtain from the commission an order authorizing such transaction in accordance with chapters 80.12 RCW (Transfers of property) and 480-143 WAC (Commission general--Transfers of property).

NEW SECTION

**WAC 480-110-565 Securities report.** Each water company that has issued securities must file with the commission an annual securities transaction report. The report is due ninety days from the end of the company's reporting period, whether a fiscal or calendar year. At a minimum, the report must contain:

(1) A schedule of the securities issued during the reporting period including a detailed description of the final agreements;

(2) A description of the use of proceeds stating the amounts used for each purpose allowed by RCW 80.08.030;

(3) The level of expenses for each of the securities transactions for the reporting period;

(4) A schedule of securities retired, refunded, repurchased, or otherwise removed from the company's capitalization; and

(5) A schedule of securities scheduled to mature in the fiscal or calendar year following the reporting period.

NEW SECTION

**WAC 480-110-575 Affiliated interest and subsidiary transactions report.** (1) Each Class A water company must file an annual report summarizing all transactions that occurred between the company and its affiliated interests, and the company and its subsidiaries. The report is due one hundred twenty days from the end of the company's reporting period, whether a fiscal or calendar year. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(2) When total transactions with an affiliated interest or a subsidiary are less than twenty-five thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the

transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed twenty-five thousand dollars for the reporting period, the company must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and

(g) A list of all common officers and directors between the water company and each such affiliated interest or subsidiary, along with their titles in each organization.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-110-545 (Affiliated interests--Contracts and arrangements).

#### **PART V--ADOPTION BY REFERENCE**

AMENDATORY SECTION (Amending Docket No. A-020379, General Order No. R-501, filed 8/26/02, effective 9/26/02)

**WAC 480-110-999 Adoption by reference.** In this chapter, the commission adopts by reference all or portions of regulations and standards identified below. They are available for inspection at the commission branch of the Washington state library. The publications, effective date, references within this chapter, and availability of the resources are as follows:

(1) The *Uniform System of Accounts for Water Utilities* is published by the National Association of Regulatory Utility Commissioners (NARUC).

(a) The commission adopts the version in effect in 1996.

(b) This publication is referenced in WAC (~~480-110-275,~~) 480-110-505 (Accounting, and reporting requirements and regulatory fees).

(c) The *Uniform System of Account for Water Utilities* is a copyrighted document. Copies are available from NARUC, in Washington, D.C.

(2) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is published by the National Association of Regulatory Utility Commissioners (NARUC).

(a) The commission adopts the version in effect in 1985.

(b) This publication is referenced in WAC 480-110-485(~~(Retention and preservation of)~~) (Retaining and preserving records and reports).

(c) The *Regulations to Govern the Preservation of Records of Electric, Gas, and Water Companies* is a copyrighted document. Copies are available from NARUC, in Washington, D.C.

#### REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 480-110-265	Tariffs.
WAC 480-110-275	Accounting and reporting requirements, and regulatory fees.
WAC 480-110-285	Securities, affiliated interest, transfer of property.
WAC 480-110-295	Adopted and initial tariffs.
WAC 480-110-475	Reports of accidents.
WAC 480-110-495	Maps.

AMENDATORY SECTION (Amending General Order R-510, Docket No. A-010648, filed 11/24/03, effective 1/1/04)

**WAC 480-120-015 Exemptions from rules in chapter 480-120 WAC.** ~~((1) The commission may grant an exemption from the provisions of any rule in this chapter, if consistent with the public interest, the purposes underlying regulation, and applicable statutes.~~

~~(2) To request a rule exemption, a person must file with the commission a written request identifying the rule for which an exemption is sought, and provide a full explanation of the reason for requesting the exemption. In addition to any other reason, parties may allege force majeure was the factor leading to the request for waiver.~~

~~(3) The commission will assign the request a docket number, if it does not arise in an existing docket, and will schedule the request for consideration at one of its regularly scheduled open meetings or, if appropriate under chapter 34.05 RCW, in an adjudication. The commission will notify the person requesting the exemption, and other interested persons, of the date of the hearing or open meeting when the commission will consider the request.~~

~~(4) In determining whether to grant the request, the commission may consider whether application of the rule would impose undue hardship on the requesting person, of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the purposes of the rule.~~

~~(5) The commission will enter an order granting or denying the request, or setting it for hearing, pursuant to chapter 480-07 WAC.)~~ The commission may grant an exemption from the provisions of any rule in this chapter in the same manner and consistent with the standards and according to the procedures set forth in WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

#### **Subpart A: General Rules**

NEW SECTION

**WAC 480-120-325 Definitions.** The definitions in this section apply to Part VIII of this chapter.

**"Affiliated interest"** means a person or corporation as defined in RCW 80.16.010.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a company, whether through the ownership of voting shares, by contract, or otherwise.

**"Subsidiary"** means any company in which the telecommunications company owns directly or indirectly five percent or more of the voting securities, unless the telecommunications company demonstrates it does not have control.

NEW SECTION

**WAC 480-120-331 Filing information.** (1) **Filing.** The commission records center will accept any filing under WAC 480-120-365 (Issuing securities) delivered in person, by mail, telefacsimile, or electronic mail message. The commission records center will accept all other reports required in Part VIII in person, by mail, or when procedures are in place, electronic mail message.

(2) **Commission may require additional information.** The commission may require pertinent information in addition to that specified by statute or in this chapter.

(3) **Information by reference.** When any information required to support a filing is on file with the commission, it is sufficient to make specific reference to the information indicating the proceeding, report, or other filing that contains the referenced information.

(4) **When information is unavailable.** If any required information is unavailable at the time of the filing, the filing must include the reason why the information is not available and state when it will be available.

NEW SECTION

**WAC 480-120-335 Additional reports.** Part VIII does not supersede any reporting requirement specified in a commission order or limit the commission's ability to request additional information.

NEW SECTION

**WAC 480-120-339 Streamlined filing requirements for Class B telecommunications company rate increases.** (1) A Class B company, as defined in WAC 480-120-021 (Definitions), may use the streamlined treatment described in this section for seeking a general rate increase, as an alternative to the requirements in WAC 480-07-510 (General rate proceedings--Electric, natural gas, pipeline, and telecommunications companies).

(2) **General information required.** A Class B company seeking streamlined treatment for a proposed general rate increase must submit the following information at the time of filing or prior to its first notice to customers, whichever occurs first:

(a) A copy of its customer notice as specified in subsection (6) of this section.

(b) A results-of-operations statement, on a commission basis, demonstrating that the company is not presently exceeding a reasonable level of earnings. If the company is exceeding a reasonable level of earnings, the proposed increase must be reduced accordingly.

(c) All supporting documentation used to develop the results-of-operations statement, including supporting documentation for all adjustments.

(d) The results-of-operations statement filed under this subsection must include Washington intrastate results of operations. If a company cannot provide Washington intrastate results of operations with reasonable accuracy, the commission may consider the total Washington results of operations including the interstate jurisdiction.

(3) **Adjustments provided for in the results of operations.**

(a) The results-of-operations statement must provide restating actual adjustments and pro forma adjustments in accordance with (b) of this subsection.

(b) Before the achieved return is calculated, a company must adjust the booked results of operations for restating actual and pro forma adjustments, including the following:

(i) Nonoperating items;  
(ii) Extraordinary items;  
(iii) Nonregulated operating items; and  
(iv) All other items that materially distort the test period.

(4) **Rate of return.** The authorized overall rate-of-return (for purposes of this section only) is eleven and twenty-five one-hundredths percent.

(5) **Rate design.** A Class B company filing pursuant to this section must clearly describe the basis for allocating any

revenue requirement change proposed by customer class (e.g., residential, business, and interexchange).

(6) **Customer notice.** The company must notify customers consistent with the manner outlined in WAC 480-120-194 (Publication of proposed tariff changes to increase charges or restrict access to services), and must include the following information:

(a) The proposed increase expressed in:

(i) Total dollars and average percentage terms; and

(ii) The average monthly increases the customers in each category or subcategory of service might reasonably expect;

(b) The name and mailing address of the commission and public counsel;

(c) A statement that customers may contact the commission or public counsel with respect to the proposed rate change; and

(d) The date, time, and place of the public meeting, if known.

(7) **Public meeting(s).** The commission will ordinarily hold at least one public meeting in the area affected by the rate increase within forty-five days after the date of filing.

(8) **Final action.** The commission will ordinarily take final action on a filing under this section within ninety days after the date of filing.

(9) The commission may decline to apply the procedures outlined in this section if it has reason to believe that:

(a) The quality of the company's service is not consistent with its public service obligations; or

(b) A more extensive review is required of the company's results of operations or proposed rate design.

(10) Nothing in this rule will be construed to prevent any company, the commission, any customer, or any other party from using any other procedures that are otherwise permitted by law.

#### NEW SECTION

**WAC 480-120-344 Expenditures for political or legislative activities.** (1) The commission will not allow either direct or indirect expenditures for political or legislative activities for ratemaking purposes.

(2) For purposes of this rule political or legislative activities include, but are not limited to:

(a) Encouraging support or opposition to ballot measures, legislation, candidates for a public office, or current public office holders;

(b) Soliciting support for or contributing to political action committees;

(c) Gathering data for mailing lists that are generated for the purposes of encouraging support for or opposition to ballot measures, legislation, candidates for public office, or current office holders, or encouraging support for or contributions to political action committees;

(d) Soliciting contributions or recruiting volunteers to assist in the activities set forth in (a) through (c) of this subsection.

(3) Political or legislative activities do not include activities directly related to appearances before regulatory or local governmental bodies necessary for the utility's operations.

#### NEW SECTION

**WAC 480-120-349 Retaining and preserving records and reports.** (1) Each company must keep all records and reports required by these rules or commission order for three years unless otherwise specified in subsection (2) of this section. No records may be destroyed before the expiration of three years or the time specified in subsection (2) of this section, whichever is applicable.

(2) Each company must adhere to the retention requirements of Title 47, Code of Federal Regulations, Part 42, Preservation of Records of Communication Common Carriers published by the Federal Communications Commission. The effective date is stated in WAC 480-120-999 (Adoption by reference).

#### NEW SECTION

**WAC 480-120-352 Washington Exchange Carrier Association (WECA).** (1) The Washington Exchange Carrier Association (WECA) may:

(a) File petitions with the commission;  
(b) Publish and file tariffs with the commission; and  
(c) Represent before the commission those members that so authorize. WECA's rules of procedure are on file with the commission under Docket No. UT-920373, and may be obtained by contacting the commission's records center.

(2) Subject to all the procedural requirements and protections associated with company filings before the commission, WECA must submit to the commission:

- (a) All initial WECA tariffs; and
  - (b) All changes to the tariffs.
- (3) A member of WECA may file directly with the commission:
- (a) Tariffs, price lists, and contracts;

- (b) Revenue requirement computations;
- (c) Revenue objectives;
- (d) Universal service support cost calculations;
- (e) Total service long run incremental cost studies;
- (f) Competitive classification petition;
- (g) Other reports; or
- (h) Any other item it or the commission deems necessary.

(4) The commission has the authority to supervise the activities of WECA. However, such supervision will not compromise the independent evaluation by the commission of any filing or proposal that must be submitted to the commission for approval.

(5) To the extent that WECA is involved in the collection and redistribution of funds under commission orders authorizing certain revenue sharing arrangements under common tariff, it must maintain, provide, and report to the commission annual financial reports, by July 1 of each year, relating to the arrangements. Annual financial reports must include:

(a) Actual fund collections and distributions to each member company;

(b) The basis upon which the collection and distribution is made;

(c) Board membership;

(d) Special committee membership; and

(e) The status and description of any open WECA docket proceedings.

(6) Each local exchange company in the state of Washington has the option of using WECA as its filing agent, tariff bureau, or both. Companies using WECA collectively may file intrastate rates, tariffs, or service proposals.

(7) Nothing in this section will be construed as amending or modifying WECA's current methods of administration. WECA's access charge pooling administration plan is on file with the commission and may be obtained by contacting the commission's records center and requesting the "Ninth Supplemental Order in Docket No. UT-971140 with Attachment" dated June 28, 2000.

## **Subpart B: Accounting Requirements**

### **NEW SECTION**

**WAC 480-120-355 Competitively classified companies.** Competitively classified companies must keep accounts using generally accepted accounting principles (GAAP), or any other accounting method acceptable to the commission. In addition, the accounts must allow for identification of revenues for Washington intrastate operations subject to commission jurisdiction.

### **Subpart C: Financial Reporting Requirements**

#### NEW SECTION

**WAC 480-120-365 Issuing securities.** For the purpose of this section:

"Investment grade" means a telecommunications company whose corporate credit/issuer rating is in one of the four highest rating categories of either Standard & Poor's L.L.C. or Moody's Investment Service Inc.

"Securities" means stocks, stock certificates, other evidence of interest or ownership, bonds, notes, or other evidence of indebtedness, or any obligation or liability as guarantor.

(1) **Telecommunications company rated investment grade.** Within five business days after a telecommunications company that is rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance was made, including a certification by an officer authorized to do so, that the proceeds from any such financing was for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction was in the public interest.

(2) **Telecommunications company not rated investment grade.** At least five business days before a telecommunications company that is not rated investment grade issues a security, it must file with the commission:

(a) A description of the purposes for which the issuance will be made, including a certification by an officer authorized to do so, that the proceeds from any such financing is for one or more of the purposes allowed by RCW 80.08.030;

(b) A description of the proposed issuance, including the estimated terms of financing; and

(c) A statement as to why the transaction is in the public interest.

Before issuance of the proposed security, the company must file with the commission the terms of financing.

(3) A commission order is not required for such a filing. The company may request a written order affirming that the company has complied with the requirements of RCW 80.08.040. The company must submit the request for a commission order, along with the information required in either subsection (1) or (2) of this section, at least fifteen business days before the requested effective date for the order.

(4) Filing a Registration Statement with the Securities and Exchange Commission using a shelf registration process does not constitute issuance of a security, and therefore a filing with the commission is not required under the provisions of RCW 80.08.040. A shelf registration filing is defined under the General Rules and Regulations promulgated under the Securities Act of 1933, Rule 415 - Delayed or Continuous Offering and Sale of Securities.

(5) An authorized representative must sign and date the filing and include a certification or declaration that the information is true and correct under penalty of perjury as set forth in chapter 9A.72 RCW. The certificate or declaration must be in substantially the following form:

"I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct."

(6) Filings under this section may be submitted with portions designated confidential pursuant to WAC 480-07-160 (Confidential information).

(7) Within sixty days after the issuance of any securities, except for dividend reinvestment and employee benefit plans, a company must file with the commission a verified statement:

(a) Outlining the final terms and conditions of the transaction; and

(b) Setting forth actual proceeds from the issuance and the disposition of proceeds stating the final amount to be used for each purpose allowed by RCW 80.08.030.

#### NEW SECTION

**WAC 480-120-369 Transferring cash or assuming obligations.** This section does not apply to a company classified as competitive pursuant to RCW 80.36.320.

(1) At least five business days before a telecommunications company that is not rated investment grade or its subsidiary transfers cash to any of its affiliated interests or

subsidiaries or assumes an obligation or liability of any of its affiliated interests or any of its subsidiaries, the company must report to the commission an estimate of the amount to be transferred and the terms of the transaction when the transaction will exceed thresholds as described in (a) or (b) of this subsection.

(a) The company must report if the cumulative transactions to a subsidiary or affiliated interest for the prior twelve months exceed a threshold of five percent, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(b) When the threshold in (a) of this subsection has been reached, the company must report each subsequent transaction exceeding a threshold of one percent for the prior twelve-month period, which is based on the prior calendar year gross operating revenue from Washington intrastate operations subject to commission jurisdiction.

(2) The reporting requirements in subsection (1) of this section do not include payments for:

(a) Federal and state taxes;

(b) Goods, services, or commodities;

(c) Transactions, attributed to the regulated entity, previously approved or ordered by the commission, other regulatory agencies, or the court;

(d) Dividends to the extent the level of such dividends over a twelve-month period does not exceed the larger of:

(i) Net income during such period; or

(ii) The average level of dividends over the preceding three years; or

(e) Sweep or cash management accounts used to transfer funds to or from a subsidiary or affiliate as part of the customary and routine cash management functions between or among the company and its subsidiary or affiliate.

#### NEW SECTION

**WAC 480-120-375 Affiliated interests--Contracts or arrangements.** Prior to the effective date of any contract or arrangement described in RCW 80.16.020, each telecommunications company subject to the provisions of chapter 80.16 RCW must file a verified copy or a verified summary, if unwritten, of contracts or arrangements with any affiliated interest. Prior to the effective date of any modification or amendment, the company must file verified copies of the modifications or amendments to the contracts or arrangements. If the contract or arrangement is unwritten, the company must file a verified summary of any modification or amendment. The commission may

institute an investigation and disapprove the contract or arrangement if the commission finds the company has failed to prove that it is reasonable and consistent with the public interest.

NEW SECTION

**WAC 480-120-379 Transfers of property.** Before selling, leasing, or assigning any of its property or facilities which are necessary or useful in the performance of its duties to the public, or before acquiring property or facilities of another public utility, a telecommunications company subject to the provisions of chapter 80.12 RCW must obtain from the commission an order authorizing such transaction in accordance with chapters 80.12 RCW (Transfers of property) and 480-143 WAC (Commission general--Transfers of property).

NEW SECTION

**WAC 480-120-382 Annual report for competitively classified companies.** The commission will distribute an annual report form including a regulatory fee form. A competitively classified company must:

- (1) Complete both forms, file them with the commission, and pay its regulatory fee, no later than May 1 of each year;
- (2) Provide total number of access lines as required on the annual report form;
- (3) Provide income statement and balance sheet for total company; and
- (4) Provide revenues for Washington and Washington intrastate operations subject to commission jurisdiction.

NEW SECTION

**WAC 480-120-385 Annual report and quarterly results of operations reports for companies not classified as competitive.**

(1) Annual reports for companies not classified as competitive. The commission will distribute an annual report form as specified in (c)(i), (ii), and (iii) of this subsection, and a regulatory fee form. A company not classified as competitive must:

- (a) Complete both forms, file them with the commission, and pay its regulatory fee, no later than May 1 of each year;
- (b) Provide total number of access lines as required on the annual report form; and

(c) Provide income statement and balance sheet for total company and results of operations for Washington and Washington intrastate.

(i) Class A companies that the FCC classified as Tier 1 telecommunications companies in Docket No. 86-182 must file annual report forms adopted by the FCC.

(ii) All other Class A companies must file annual reports on the form prescribed by the commission.

(iii) Class B companies must file annual reports as prescribed by RCW 80.04.530(2).

(2) Quarterly reports for companies not classified as competitive:

(a) All Class A companies must file results of operations quarterly.

(b) Each report will show monthly and twelve-months-ended data for each month of the quarter reported.

(c) The reports are due ninety days after the close of the period being reported, except for the fourth-quarter report which is due no later than May 1 of the following year.

(3) Methods used to determine Washington intrastate results of operations must be acceptable to the commission.

(4) This rule does not supersede any reporting requirements specified in a commission rule or order, or limit the commission's authority to request additional information.

#### NEW SECTION

**WAC 480-120-389 Securities report.** (1) Each telecommunications company subject to the provisions of chapter 80.08 RCW that has issued securities during the prior year, must file with the commission by April 1 of each year an annual securities transaction report for the period January 1 through December 31 of the preceding year. At a minimum, the report must contain:

(a) A description of the final agreements;

(b) A description of the use of proceeds stating the amounts used for each purpose allowed by RCW 80.08.030;

(c) The level of expenses for each of the securities transactions;

(d) Information to determine the individual and collective impact on capital structure; and

(e) The pro forma cost of money for the securities transactions.

(2) The company may provide by reference the information required in subsection (1)(a), (b), and (c) of this section if the information has previously been filed with the commission.

NEW SECTION

**WAC 480-120-395 Affiliated interest and subsidiary transactions report.** (1) By June 1 of each year, each telecommunications company subject to the provisions of chapter 80.16 RCW must file a report summarizing all transactions that occurred between the company and its affiliated interests, and the company and its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this subsection must be for total company, total state of Washington, and Washington intrastate. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(3) When total company transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total company transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the company must provide:

(a) A balance sheet and income statement for such affiliated interest;

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and

(g) A list of all common officers and directors between the company and each such affiliated interest or subsidiary, along with their titles in each organization.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders

authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-120-375 (Affiliated interests--Contracts or arrangements).

#### NEW SECTION

#### **WAC 480-120-399 Access charge and universal service reporting. (1) Intrastate mechanism reporting.**

(a) Until legislation creating a new universal service fund is adopted and effective and commission rules to implement the legislation are adopted and effective, each Class A company in the state of Washington and the Washington Exchange Carrier Association, must provide annually:

(i) The actual demand units for the previous calendar year for each switched access tariff rate element (or category of switched access tariff rate elements, both originating and terminating) it has on file with the commission.

(ii) Primary toll carriers (PTCs) must file, in addition to the information required in (a)(i) of this subsection, the annual imputed demand units for the previous calendar year that the company would have had to purchase from itself if it had been an unaffiliated toll carrier using feature group D switched access service (including intraLATA and interLATA, both originating and terminating demand units). For purposes of this subsection, a PTC means a local exchange company offering interexchange service(s) to retail customers using feature group C switched access service for the origination or termination of any such service(s).

(b) The report containing the information required in (a) of this subsection must be filed by July 1 of each year.

(c) Each company providing information required by this section must include complete work papers and sufficient data for the commission to review the accuracy of the report.

(2) **Annual state certification requirements for interstate (federal) mechanism.** Each eligible telecommunications carrier (ETC) in Washington receiving federal high-cost universal service support funds must provide the following to the commission not later than August 31 of each year:

(a) A certification that, during the calendar year preceding the year in which certification is made, the ETC provided the supported services required by 47 U.S.C. § 214(e) and described in the commission order granting it ETC status;

(b) A certification that, during the calendar year preceding the year in which certification is made, the ETC advertised the availability of supported services and the

charges for them as required by 47 U.S.C. § 214(e) and as described in the commission order granting it ETC status;

(c) A certification that funds received by it from the federal high-cost universal service support fund will be used only for the provision, maintenance, and upgrading of the facilities and services for which the support is intended;

(d) The amount of all federal high-cost universal service fund support received for the calendar year preceding the year in which the filing must be made (this includes, but is not limited to, high cost loop support or "HCL," local switching support or "LSS," long term support or "LTS," interstate access support or "IAS," and interstate common line support or "ICLS");

(e) The loop counts on which federal high-cost universal service support was based for support received during the calendar year preceding the year in which the filing must be made;

(f) The certifications required in (a) through (e) of this subsection must be made in the same manner as required by RCW 9A.72.085.

#### REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 480-120-301	Accounting requirements for competitively classified companies.
WAC 480-120-303	Reporting requirements for competitively classified companies.
WAC 480-120-304	Reporting requirements for companies not classified as competitive.
WAC 480-120-305	Streamlined filing requirements for Class B telecommunications company rate increases.
WAC 480-120-311	Access charge and universal service reporting.
WAC 480-120-321	Expenditures for political or legislative activities.
WAC 480-120-322	Retaining and preserving records and reports.
WAC 480-120-323	Washington Exchange Carrier Association (WECA).

AMENDATORY SECTION (Amending Docket No. A-030832, General Order No. R-509, filed 10/29/03, effective 11/29/03)

**WAC 480-121-063 Regulatory requirements that may be waived for competitively classified telecommunications companies.** (1)

The following regulatory requirements are waived for competitively classified companies:

- (a) RCW 80.04.300 (Budgets to be filed by companies--Supplementary budgets);
- (b) RCW 80.04.310 (Commission's control over expenditures);
- (c) RCW 80.04.320 (Budget rules);
- (d) RCW 80.04.330 (Effect of unauthorized expenditure--Emergencies);
- (e) RCW 80.04.360 (Earnings in excess of reasonable rate--Consideration in fixing rates);
- (f) RCW 80.04.460 (Investigation of accidents);
- (g) RCW 80.04.520 (Approval of lease of utility facilities);
- (h) RCW 80.36.100 (Tariff schedules to be filed and open to public);
- (i) RCW 80.36.110 (Tariff changes--Statutory notice--Exception);
- (j) Chapter 80.08 RCW (Securities) (except RCW 80.08.140, State not obligated);
- (k) Chapter 80.12 RCW (Transfers of property);
- (l) Chapter 80.16 RCW (Affiliated interests);
- (m) WAC 480-80-101 Tariff requirements through WAC 480-80-143 Special contracts for gas, electric, and water companies;
- (n) Chapter 480-140 WAC (Commission general--Budgets);
- (o) Chapter 480-143 WAC (Commission general--Transfers of property);
- (p) (~~Chapter 480-146 WAC (Commission general--Securities, liens, affiliated interests, refunding of notes, lease of utility facilities);~~
- (~~q~~)) WAC 480-120-102 (Service offered);
- ((~~r~~) ~~WAC 480-120-305~~) (q) WAC 480-120-339 (Streamlined filing requirements for Class B telecommunications company rate increases);
- ((~~s~~)) (r) WAC 480-120-311 (Access charge and universal service reporting);
- ((~~t~~) ~~WAC 480-120-321~~) (s) WAC 480-120-344 (Expenditures for political or legislative activities); (~~and~~
- (~~u~~) ~~WAC 480-120-323~~) (t) WAC 480-120-352 (Washington Exchange Carrier Association (WECA));

(u) WAC 480-120-365 (Issuing securities);  
(v) WAC 480-120-369 (Transferring cash or assuming obligation);  
(w) WAC 480-120-375 (Affiliated interests--Contracts or arrangements);  
(x) WAC 480-120-389 (Securities report); and  
(y) WAC 480-120-395 (Affiliated interest and subsidiary transactions report).

This rule supersedes all waivers of regulatory requirements for competitively classified companies granted by the commission at the time of a company's competitive classification. However, subsequent to the adoption of this rule, the commission may revoke the waiver of any regulatory requirement set forth in (a) through ~~((+u))~~ (y) of this subsection or may waive any regulatory requirement not included in (a) through ~~((+u))~~ (y) of this subsection.

(2) The commission may by order revoke waivers of regulatory requirements if it determines that revocation is necessary to protect the public interest.

(3) In addition, the commission may waive regulatory requirements for telecommunications companies that it has classified as competitive if it determines that competition with the regulatory waiver will serve the same purposes as public interest regulation.