

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

| | | |
|---------------------------------------|---|-------------------------|
| In the Matter of Amending, |) | DOCKET NO. A-021178 and |
| Adopting and Repealing Certain |) | TO-030288 |
| Sections of Chapters 480-90, 480-100, |) | |
| 480-110, and 480-120 WAC, |) | |
| Amending and Adopting Certain |) | GENERAL ORDER NO. R-518 |
| Sections of Chapters 480-70, and 480- |) | |
| 92 WAC; Adopting Chapter 480-73 |) | |
| WAC; Amending WAC 480-121-063, |) | |
| and Repealing WAC 480-146-350, |) | ORDER REPEALING, |
| and WAC 480-146-360 |) | AMENDING AND ADOPTING |
| |) | RULES PERMANENTLY |
| Relating to Reporting of transactions |) | |
| between regulated utility and |) | |
| transportation companies and their |) | |
| subsidiaries |) | |
| |) | |

1 **STATUTORY OR OTHER AUTHORITY:** The Washington Utilities and Transportation Commission takes this action under Notice WSR # 05-01-224, filed with the Code Reviser on December 22, 2004. The Commission brings this proceeding pursuant to RCW 80.01.040, RCW 80.04.160, RCW 81.04.160 and RCW 34.05.353.

2 **STATEMENT OF COMPLIANCE:** This proceeding complies with the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.05 RCW), the State Register Act (chapter 34.08 RCW), the State Environmental Policy Act of 1971 (chapter 43.21C RCW), and the Regulatory Fairness Act (chapter 19.85 RCW).

3 **DATE OF ADOPTION:** The Commission adopts this rule on the date that this Order is entered.

4 **CONCISE STATEMENT OF PURPOSE AND EFFECT OF THE RULE:** RCW 34.05.325 requires that the Commission prepare and provide to commenters a concise explanatory statement about an adopted rule. The statement must

include the identification of the reasons for adopting the rule, a summary of the comments received regarding the proposed rule, and responses reflecting the Commission's consideration of the comments.

5 The Commission often includes a discussion of those matters in its rule adoption order. In addition, most rulemaking proceedings involve extensive work by Commission Staff that includes summaries in memoranda of stakeholder comments, Commission decisions, and Staff recommendations in each of those areas.

6 In this docket, to avoid unnecessary duplication, the Commission designates the discussion in this order as its concise explanatory statement, supplemented where not inconsistent by the staff memoranda presented at the adoption hearing and at the open meetings where the Commission considered whether to begin a rulemaking and whether to propose adoption of specific language. Together, the documents provide a complete but concise explanation of the agency actions and its reasons for taking those actions.

7 **REFERENCE TO AFFECTED RULES:** This rule repeals, amends, or adopts the following sections of the Washington Administrative Code:

Chapter 480-70 WAC, Solid Waste and/or Refuse Collection Companies

Amend

480-70-041 Definitions, general.

1. Adds definitions for "Affiliated interest," "Control," and "Subsidiary."

Amend

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

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Adopt

480-70-077 Transferring cash or assuming obligations.

1. Adds requirement for reporting of cash transfers to affiliates and subsidiaries if credit rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Service, Inc.

Adopt

480-70-078 Affiliated interest—Contracts or arrangements.

1. Adopt rules implementing requirements to report transactions with affiliated interests and subsidiaries.
2. Provides exception for transactions provided at tariff rates.

Adopt

480-70-079 Affiliated interest and subsidiary transactions report.

1. Adopt rules implementing requirements to report transactions with affiliated interests and subsidiaries.
2. Provides exception for transactions provided at tariff rates.

Chapter 480-90 WAC, Gas Companies – Operations

Amend

480-90-008 Exemptions from rules in chapter 480-90 WAC.

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Amend

480-90-023 Definitions.

1. Adds definitions for “Affiliated interest,” “Control,” and “Subsidiary.”

Adopt

480-90-207 Filing information.

1. Adds filing information within chapter.

Repeal

480-90-208 Financial reporting requirements.

1. Financial reporting requirements moved to new sections:
Annual reports – WAC 480-90-252 (Federal Energy Regulatory Commission (FERC) Form No. 2.)
Commission basis reports (annual) – WAC 480-90-257 (Commission basis report.)
Quarterly reports – WAC 480-90-275 (Actual results for Washington operations report.)
Additional reports – WAC 480-90-209 (Additional reports.)

Adopt

480-90-209 Additional reports.

1. Adopted from WAC 480-90-208 (Financial reporting requirements) repealed in this rulemaking.

Repeal

480-90-218 Securities, affiliated interests, and transfers of property.

1. Deletes subsections (1) and (3), which are moved into new section WAC 480-90-248 (Securities and transfers of property).

Adopt

480-90-244 Transferring cash or assuming obligation.

1. Adds requirement for reporting of cash transfers to affiliated interests and subsidiaries when transaction exceeds certain threshold if credit rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Services, Inc.

Adopt

480-90-245 Affiliated interests—Contracts or arrangements.

1. Adopts provisions from WAC 480-146-350 (Filing of affiliated interest transactions) repealed in this rulemaking.
2. Provides exception for transactions provided at tariff rates.

Adopt

480-90-248 Securities and transfers of property.

1. Adopts provisions from WAC 480-90-218 (Securities, affiliated interests, and transfers of property) repealed in this rulemaking.
2. Adds requirements for issuing stock, securities, or other evidence of indebtedness.

Adopt

480-90-252 Federal Energy Regulatory Commission (FERC) Form No. 2.

1. Adopts provisions from WAC 480-90-208 (Financial reporting requirements) repealed in this rulemaking.

Adopt

480-90-257 Commission basis report.

1. Adopts provision from WAC 480-90-208 (Financial reporting requirements) repealed in this rulemaking.

Adopt

480-90-264 Affiliated interest and subsidiary transactions report.

1. Adopts provision from WAC 480-146-360 (Reporting of affiliated interest transactions) repealed in this rulemaking.
2. Adds subsidiaries to reporting requirement.
3. Provides exception for transactions provided at tariff rates.

Adopt

480-90-268 Essential utilities services contracts report.

1. Adds requirement for reporting of essential utilities services contract when certain thresholds are exceeded.

Adopt

480-90-275 Actual results for Washington operations report.

1. Adopts provisions from WAC 480-90-208 (Financial reporting requirements) repealed in this rulemaking.

Amend

480-90-999 Adoption by reference.

1. Revised to reflect references to repealed sections and new sections.

Chapter 480-92 WAC, Low-Level Radioactive Waste Companies

Amend

480-92-016 Exemptions from rules in chapter 480-92 WAC.

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Amend

480-92-021 Definitions.

1. Adds definitions for “Affiliated interest,” “Control,” and “Subsidiary.”

Amend

480-92-050 Reporting requirements—Annual report.

1. Grammar changes.

Adopt

480-92-055 Reporting requirements—Special reports.

1. Adopt Low-Level Radioactive Waste Company rules implementing requirements to report transactions with affiliated interests and subsidiaries.
2. Provides exception for transactions provided at tariff rates.

Chapter 480-100 WAC, Electric Companies -- Operations

Amend

480-100-008 Exemptions from rules in chapter 480-90 WAC.

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Amend

480-100-023 Definitions.

1. Adds definitions for “Affiliated interest,” “Control,” and “Subsidiary.”

Adopt

480-100-207 Filing information.

1. Adds filing information within chapter.

Repeal

480-100-208 Financial reporting requirements.

1. Financial reporting requirements moved to new sections:
Annual reports – WAC 480-100-252 (Federal Energy Regulatory Commission (FERC) Form No. 2.)
Commission basis reports (annual) – WAC 480-100-257 (Commission basis report.)
Quarterly reports – WAC 480-100-275 (Actual results for Washington operations report.)
Additional reports – WAC 480-100-209 (Additional reports.)

Adopt

480-100-209 Additional reports.

1. Adopted from WAC 480-100-208 (Financial reporting requirements) repealed in this rulemaking.

Repeal

480-100-218 Securities, affiliated interests, and transfers of property.

1. Deletes subsections (1) and (3), which are moved into new section WAC 480-100-248 (Securities and transfers of property).

Adopt

480-100-244 Transferring cash or assuming obligations.

1. Adds requirement for reporting of cash transfers to affiliated interests and subsidiaries when transaction exceeds certain threshold if credit rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Service, Inc.

Adopt

480-100-245 Affiliated interests—Contracts or arrangements.

1. Adopts provisions from WAC 480-146-350 (Filing of affiliated interest transactions) repealed in this rulemaking.
2. Provides exception for transactions provided at tariff rates.

Adopt

480-100-248 Securities and transfers of property.

1. Adopts provisions from WAC 480-100-218 (Securities, affiliated interests, and transfers of property) repealed in this rulemaking.
2. Adds requirements for issuing stock, securities, or other evidence of indebtedness.

Adopt

480-100-252 Federal Energy Regulatory Commission (FERC) Form No. 1.

1. Adopts provisions from WAC 480-100-208 (Financial reporting requirements) repealed in this rulemaking.

Adopt

480-100-257 Commission basis report.

1. Adopts provisions from WAC 480-100-208 (Financial reporting requirements) repealed in this rulemaking.

Adopt

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

1. Adopts provisions from WAC 480-146-360 (Reporting of affiliated interest transactions) repealed in this rulemaking.
2. Adds subsidiaries to reporting requirement.
3. Provides exception for transactions provided at tariff rates.

Adopt

480-100-268 Essential utilities services contracts report.

1. Adds requirement for reporting of essential utilities services contract when certain thresholds are exceeded.

Adopt

480-100-275 Actual results for Washington operations report.

1. Adopts provisions from WAC 480-100-208 (Financial reporting requirements) repealed in this rulemaking.

Amend

480-100-999 Adoption by reference.

1. Revised to reflect references to repealed sections and new sections.

Chapter 480-110 WAC, Water Companies

Amend

480-110-205 Application of rules.

1. Grammar changes.

Amend

480-110-215 Exemption from rules in chapter 480-110 WAC.

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Amend

480-110-225 Additional requirements.

1. Adds new standard language for section that replaced previous language.

Adopt

480-110-227 Severability.

1. Adds new standard language for section.

Amend

480-110-235 Definition of control.

1. Grammar change.

Amend

480-110-245 Glossary.

1. Grammar change.

Repeal

480-110-495 Maps.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-110-261 Maps.

1. Adopted to reflect new numbering of chapter parts.

Amend

480-110-335 Establishing credit and deposits.

1. Clarifies interest on deposit calculation.

Amend

480-110-355 Discontinuing service.

1. Grammar change.

Amend

480-110-365 Service responsibilities.

1. Grammar change.

Amend

480-110-375 Form of bills.

1. Grammar change.

Amend

480-110-385 Water company responsibility for complaints and disputes.

1. Grammar change.

Amend

480-110-395 Water quality refunds.

1. Grammar change.
2. Changes statutory authority reference.

Amend

480-110-415 Meters.

1. Grammar change.

Amend

480-110-425 Water company customer notice requirements.

1. Grammar change.

Repeal

480-110-265 Tariffs.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-110-431 Tariffs.

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-110-295 Adopted and initial tariffs.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-110-433 Adopted and initial tariffs.

1. Adopted to reflect new numbering of chapter parts.

Amend

480-110-445 Service connections and customer service lines.

1. Grammar change.

Adopt

480-110-456 Definitions.

1. Adds definitions for "Affiliated interest," "Control," and "Subsidiary."

Adopt

480-110-457 Filing information.

1. Adds filing information within chapter.

Adopt

480-110-459 Additional reports.

1. Adds new standard language for section.

Amend

480-110-465 Expenditures for political or legislative activities.

1. Adds new standard language for section.

Amend

480-110-485 Retaining and preserving records and reports.

1. Changes title to standard Commission format.

Repeal

480-110-275 Accounting and reporting requirements, and regulatory fees.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-110-505 Accounting and reporting requirements, and regulatory fees.

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-110-475 Reports of accidents.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-110-515 Reports of accidents.

1. Adopted to reflect new numbering of chapter parts.

Adopt

480-110-535 Transferring cash or assuming obligations.

1. Adds requirement for reporting of cash transfers to affiliates and subsidiaries when transaction exceeds certain threshold if credit rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Service, Inc.

Adopt

480-110-545 Affiliated interests—Contracts or arrangements.

1. Adopts provisions from WAC 480-146-350 (Filing of affiliated interest transactions) repealed in this rulemaking.
2. Provides exception for transactions provided at tariff rates.

Repeal

480-110-285 Securities, affiliated interest, transfer of property.

1. Deletes subsections (1) and (3), which are moved into new section WAC 480-110-555 (Securities and transfers of property).

Adopt

480-110-555 Securities and transfers of property.

1. Adopts provisions from WAC 480-110-285 (Securities, affiliated interests, and transfer of property) repealed in this rulemaking.
2. Adds requirements for issuing stock, securities, or other evidence of indebtedness.

Adopt

480-110-575 Affiliated interest and subsidiary transactions report.

1. Adopts provisions from WAC 480-146-360 (Reporting of affiliated interest transactions) repealed in this rulemaking.
2. Adds subsidiaries to reporting requirement.
3. Provides exception for transactions provided at tariff rates.

Amend

480-110-999 Adoption by reference.

1. Grammar change.

Chapter 480-120 WAC, Telecommunications Operations

Amend

480-120-015 Exemptions from rules in chapter 480-120 WAC.

1. Amended to reference WAC 480-07-110 (Exceptions from and modifications to the rules in this chapter; special rules).

Adopt

480-120-325 Definitions.

1. Adds definitions for “Affiliated interest,” “Control,” and “Subsidiary.”

Adopt

480-120-331 Filing information.

1. Adds filing information within chapter.

Adopt

480-120-335 Additional reports.

1. Adds new standard language for section.

Repeal

480-120-305 Streamlined filing requirements for Class B telecommunications company rate increase.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-339 Streamlined filing requirements for Class B telecommunications company rate increase.

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-120-321 Expenditures for political or legislative activities.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-344 Expenditures for political or legislative activities.

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-120-323 Washington Exchange Carrier Association (WECA).

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-352 Washington Exchange Carrier Association (WECA).

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-120-301 Accounting requirements for competitively classified companies.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-355 Competitively classified companies.

1. Adopted to reflect new numbering of chapter parts.

Adopt

480-120-369 Transferring cash or assuming obligation.

1. Adds requirement for reporting of cash transfers to affiliated interests and subsidiaries when transaction exceeds certain threshold if credit rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Service, Inc.

Adopt

480-120-375 Affiliated interests—Contracts or arrangements.

1. Adopts provisions from WAC 480-146-350 (Filing of affiliated interest transactions) repealed in this rulemaking.
2. Provides exception for transactions provided at tariff rates.

Adopt

480-120-379 Transfers of property.

1. Adopted to incorporate language concerning transfers of property.

Repeal

480-120-303 Reporting requirements for competitively classified companies.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-382 Annual report for competitively classified companies.

1. Adopted to reflect new numbering of chapter parts.

Repeal

480-120-304 Reporting requirements for companies not classified as competitive.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-385 Annual report and quarterly results of operations reports for companies not classified as competitive.

1. Adopted to reflect new numbering of chapter parts.

Adopt

480-120-395 Affiliated interest and subsidiary transactions report.

1. Adopts provisions from WAC 480-146-360 (Reporting of affiliated interest transactions) repealed in this rulemaking.
2. Adds subsidiaries to reporting requirement.
3. Provides exception for transactions provided at tariff rates.

Repeal

480-120-311 Access charge and universal service reporting.

1. Repealed to reflect new numbering of chapter parts.

Adopt

480-120-399 Access charge and universal service reporting.

1. Adopted to reflect new numbering of chapter parts.

Chapter 480-121 WAC, Registration, Competitive Classification and Price Lists of Telecommunications Companies

Amend

480-121-063 Regulatory requirements that may be waived for competitively classified telecommunications companies.

1. Revised to reflect references to repealed sections, adopted sections, and new numbering of Chapter 480-120.

Amend

Chapter 480-146 WAC, Commission general—Securities, Liens, Affiliated Interests, Refunding of Notes, Lease of Utility Facilities

1. Removes Affiliated Interests from title.

Repeal

480-146-350 Filing of affiliated interest transactions.

1. This section adopted in WAC:
480-70-078 (Affiliated interests—Contracts or arrangements).
480-90-245 (Affiliated interests—Contracts or arrangements).
480-92-055 (Reporting requirements—Special reports) (1) (Affiliated interests—Contracts or arrangements).
480-100-245 (Affiliated interests—Contracts or arrangements).
480-110-545 (Affiliated interests—Contracts or arrangements).
480-120-375 (Affiliated interests—Contracts or arrangements).

Repeal

480-146-360 Reporting of affiliated interest transactions.

1. This section adopted in WAC:

480-70-079 (Affiliated interest and subsidiary transactions report).

480-90-264 (Affiliated interest and subsidiary transactions report).

480-92-055 (Reporting requirements—Special reports) (3) Affiliated interest and subsidiary transactions report.

480-100-264 (Affiliated interest and subsidiary transactions report).

480-110-575 (Affiliated interest and subsidiary transactions report).

480-120-395 (Affiliated interest and subsidiary transactions report).

Chapter 480-73 WAC, Hazardous Liquid Pipeline Companies

Adopt

480-73-010 Application of rules.

Adopt

480-73-020 Exemptions from rules in chapter 480-73 WAC.

Adopt

480-73-030 Additional requirements.

Adopt

480-73-040 Severability.

Adopt

480-73-050 Tariffs.

Adopt

480-73-060 Definitions.

Adopt

480-73-110 Filing information.

Adopt

480-73-120 Additional reports.

Adopt

480-73-130 Accounting system requirements.

Adopt

480-73-140 Expenditures for political or legislative activities.

Adopt

480-73-150 Retaining and preserving records and reports.

Adopt

480-73-160 Annual reports.

Adopt

480-73-180 Transferring cash or assuming obligation.

Adopt

480-73-190 Affiliated interests— Contracts or arrangements.

Adopt

480-73-210 Affiliated interest and subsidiary transactions report.

Adopt

480-73-999 Adoption by reference.

8 **PREPROPOSAL STATEMENT OF INQUIRY AND ACTIONS**

THEREUNDER: The Commission filed a Preproposal Statement of Inquiry (CR-101) on October 2, 2002, at WSR # 02-20-105, and October 28, 2002, at WSR # 02-22-030, in Docket A-021178. The Commission filed a Preproposal Statement of Inquiry (CR-101) on March 13, 2003, at WSR # 03-07-034, in Docket TO-030288.

9 **ADDITIONAL NOTICE AND ACTIVITY PURSUANT TO PREPROPOSAL**

STATEMENT: The statement at WSR # 02-20-105 advised interested persons that the Commission was considering entering a rulemaking on establishing reporting rules for transactions between regulated utility and transportation companies and their subsidiaries. The statement at WSR # 02-22-030 advised interested persons that other industries, including auto transportation companies may be affected by rules adopted in this docket, and that rules adopted in this docket would not apply to competitive telecommunications companies. The statement at WSR # 03-07-034 advised interested persons that the Commission was considering developing a new chapter applicable to the economic regulation of Hazardous Liquid Pipeline Companies regulated as common carriers by the Commission, including, but not limited to, financial reporting requirements.

- 10 The Commission also informed persons of the inquiry into these matters by providing notice of the subjects and the CR-101s to all persons on the Commission's list of persons requesting such information pursuant to RCW 34.05.320(3) and by sending notice to all registered companies and the Commission's lists of regulatory attorneys. The Commission posted the relevant rulemaking information on its Internet web site at <http://www.wutc.wa.gov>.
- 11 **WORKSHOP; ORAL COMMENTS; WRITTEN COMMENTS:** Pursuant to the notice, the Commission held three stakeholder workshops. In addition, Staff met informally to discuss issues related to financial reporting rules with representatives from Qwest Corporation (Qwest), PacifiCorp, Puget Sound Energy, Inc. (PSE), Avista Corporation (Avista), and Olympic Pipe Line Company (Olympic). Representatives of regulated companies and consumer advocacy organizations attended the workshops and/or filed written comments.
- 12 **NOTICE OF PROPOSED RULEMAKING:** The Commission filed a notice of Proposed Rulemaking (CR-102) on September 1, 2004, at WSR # 04-18-129. The Commission scheduled this matter for oral comment and adoption under Notice WSR # 04-18-129 at 1:30 p.m., Wednesday, October 13, 2004, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The Notice provided interested persons the opportunity to submit written comments to the Commission.
- 13 **ORAL COMMENTS:** Representatives of Verizon Northwest, Inc. (Verizon), Qwest, and Public Counsel provided oral comments on the rule proposal.
- 14 **COMMENTERS (WRITTEN COMMENTS):** The Commission received written comments on the proposed rules (*i.e.*, CR-102) from: PacifiCorp, Qwest, PSE, The Bond Market Associates, O'Melveny & Myers LLP, Cahill Gordon & Reindel LLP, Gibson, Dunn & Crutcher, LLP, and Washington Refuse & Recycling Association.
- 15 **RULEMAKING HEARING:** The rule proposal was considered for adoption, pursuant to the notice, at a rulemaking hearing scheduled during the Commission's regularly scheduled open public meeting on October 13, 2004, before Chairwoman Marilyn Showalter, Commissioner Richard Hemstad, and Commissioner Patrick Oshie. The Commission heard oral comments from Fred

Ottavelli representing Commission Staff, and from representatives of Verizon, PacifiCorp, Qwest, and Avista.

- 16 **SUPPLEMENTAL NOTICE OF PROPOSED RULEMAKING:** The Commission filed a supplemental notice of Proposed Rulemaking (Supplemental CR-102) on December 22, 2004, at WSR # 05-01-224. The Notice advised interested persons of a substantial change from the CR-102 Proposal filed at WSR #04-18-129, and of the Commission's intention that the entire proposal submitted at WSR # 04-18-129 be renoticed for comment by interested persons. The Commission scheduled this matter for oral comment and adoption under Notice WSR #05-01-224 at 1:30 p.m., Tuesday, February 1, 2005, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The Notice provided interested persons the opportunity to submit written comments to the Commission.
- 17 **COMMENTERS (WRITTEN COMMENTS):** The Commission received written comments on the proposed rules (*i.e.*, Supplemental CR-102) from: Qwest, Verizon, PacifiCorp, PSE, Northwest Natural Gas Company (NW Natural), Olympic, Tesoro Refining and Marketing Company, and The Bond Market Associates.
- 18 **RULEMAKING HEARING:** The rule proposal was considered for adoption, pursuant to the notice, at a rulemaking hearing scheduled during the Commission's regularly scheduled open public meeting on February 1, 2005, before Chairwoman Marilyn Showalter, Commissioner Richard Hemstad, and Commissioner Patrick Oshie. The Commission heard oral comments from representatives of Qwest, Verizon, and PacifiCorp. In addition, Richard Boehmer of O'Melveny & Myers, special securities counsel to Qwest Communications International Inc. and its subsidiaries, provided comment.
- 19 **SUGGESTIONS FOR CHANGE THAT ARE ACCEPTED OR REJECTED:** In this section the Commission responds to comments made on the proposed rules. The material in this section is organized by rule number. In each response we indicate whether we made a change in the adopted rules based upon the comment, or whether we adhered to the language in the proposed rule.

WAC Sections Related to Issuing Securities.

- 20 Qwest, Verizon, NW Natural, PSE, PacifiCorp, the Bond Market Association, and O'Melveny & Myers, LLP commented on the rules related to the issuance of securities. The Commission has decided to consider the rules related to securities at a later date.

WAC 480-120-325 and WAC -100-023 Definitions.

- 21 Qwest and PacifiCorp comment that the definitions of “subsidiary” and “control” are vague and unenforceable. Qwest acknowledges that control should be the focus of a definition of “subsidiary,” but argues that the inclusion of “by contract, or otherwise” in the definition of “control” is vague and confusing. Qwest suggests that the Commission adopt the Washington Corporations Act definition of a ‘subsidiary,’ that requires no further investigation or analysis other than whether the utility owns a majority of the voting securities of the other company.”¹
- 22 PacifiCorp contends that the five percent ownership threshold is too broad and captures ownership structures that do not fit the traditional parent-subsidiary model. PacifiCorp contends that its research of case precedent interpreting the SEC rules that define “control” supports its concern for incorporating this “elusive notion” of “control” in the Commission’s rules.
- 23 The Commission concludes that these suggestions cannot be adopted without undermining the fundamental purpose of requiring that companies report transactions with subsidiaries. When a regulated company owns one or more unregulated companies, there is the potential for the companies to engage in coordinated transactions among themselves and thereby to frustrate the Commission’s ability to ensure that only reasonable costs are charged to the customers of the regulated company. Commenters do not contest either the notion that unreported transactions with a subsidiary can frustrate effective oversight of a regulated company or the notion that a company can “control” another company without owning a majority of its shares. The Commission has addressed the legitimate concerns about how to determine whether a regulated

¹ The Washington Corporations Act defines a subsidiary as “a domestic or foreign corporation that has a majority of its outstanding voting shares owned, directly or indirectly, by another domestic or foreign corporation.” *RCW 23B.19.020(17)*.

company “controls” a subsidiary. It has done so by using a definition for “subsidiary” that tracks the long-established definition of “affiliated interest” in RCW 80.16.010, with the addition of language that would allow the utility to demonstrate it does not have “control” of the subsidiary. The source of the definition for “control” is a rule of the Securities and Exchange Commission, Rule 1-02(g), “Definition of terms used in Regulation S-X,” as found at 17 CFR Part 210.²

WAC 480-120-369 Transferring cash or assuming obligations.

- 24 Qwest objects to this rule as beyond the Commission’s statutory authority. Qwest argues that the Legislature did not impose, or authorize the Commission to impose, pre-filing requirements for cash transfers. Qwest also suggests that the rule is an attempt to permit the Commission to engage in regulating the multi-state cash management of utilities and their affiliates and subsidiaries. According to Qwest, any attempt by the Commission to regulate multi-state cash management activities of Qwest and its family of companies would violate RCW 80.01.040(3) and the Commerce Clause of the United States Constitution.
- 25 Contrary to Qwest’s position, RCW 80.04.080 grants the Commission broad authority to require companies to provide special reports “concerning any matter about which the commission is authorized or required by this or any other law, to inquire into or keep itself informed about.” This broad authority provides sufficient basis to request notice of the large cash transfers that are encompassed in the rules. The notice rules are specifically intended to cover only a small, particularly significant subset of all utility cash transfers: namely, cash transfers exceeding a high monetary threshold, made by utilities that are not rated investment grade.
- 26 Transfers of large amounts of cash from the regulated utility or its subsidiaries could have serious and detrimental effects on ratepayers. Regulated utilities collect cash from customers as they pay for utility services, and regulated utilities use cash to fund operations and capital investment. A large transfer of cash from the control of the regulated utility could effectively disable funding for utility

² Regulation S-X pertains to the requirements for financial statements filed pursuant to the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935. This is substantially the same definition for “control” as defined in Rule 12b-2(f) under the Securities Exchange Act of 1934. *17 CFR Part 240 at Rule 12b-2.*

operations or render the utility unable to make necessary capital investments. Either circumstance could cause an immediate harm to customers. Providing the Commission with five days' advance notice of such transfers would allow the Commission to immediately commence ratemaking or prudence proceedings, or, in particularly egregious instances, to seek to enjoin the utility from proceeding with the cash transfer altogether, if necessary to protect the interests of the ratepayers or the public interest. RCW 80.36.140 and RCW 80.28.020 authorize the Commission to determine, after hearing, that a company's "practices" or "practices affecting rates" are unreasonable, to determine the just, reasonable, and proper practices to be thereafter observed and used, and to "fix the same by order or rule."

- 27 The Commission is particularly concerned about large cash transactions by non-investment grade companies, because a parent company that is in a weak financial condition is both more likely to take advantage of cash held by a utility subsidiary and because such a company would have greater difficulty raising capital to offset the loss of cash. Large cash transfers by non-investment grade companies are more likely to directly affect the rates or service provided to ratepayers. Providing the Commission with five days' advance notice does not unreasonably burden the company, and it affords the Commission with sufficient time to take remedial action, if necessary, in advance of any irreparable harm to ratepayers or to the public interest.
- 28 The Commission also finds that the proposed rule, which requires only that the Commission be given five days' advance notice of certain large cash transfers from the regulated utility or its subsidiary, does not violate the Commerce Clause, pursuant to the test set forth in *Pike v. Bruce Church, Inc.*, 397 U.S. 137, 142, 90 S. Ct. 844, 25 L.Ed. 2d 174 (1970). The rule does not interfere with Qwest's management prerogatives. Whatever effects the rule might have on interstate commerce are at most incidental and minimal, and are clearly outweighed by the Commission's strong interest to protect the ratepayers of regulated utilities and the public interest.

WAC 480-90-245 and WAC 480-73-190 Affiliated Interests—Contracts or arrangements

- 29 NW Natural states that, absent a materiality threshold, the requirement to file contracts or arrangements with affiliates could be burdensome on the utility.

30 The Commission does not accept this proposal, because it is inconsistent with the statute. RCW 80.16.020 requires every public service company file with the Commission a copy or summary of contracts or arrangements with affiliates. The statute provides no exemption from the requirement based upon materiality.

31 Olympic Pipe Line Company is concerned that the proposed regulation suggests the Commission has the authority to disapprove any contract or arrangement that Olympic might enter into with an affiliated entity. Olympic believes that the operation of interstate pipeline facilities such as Olympic's system is subject to the exclusive jurisdiction of the federal government.

32 The Commission responds as follows: Neither Chapter 81.16 RCW nor the proposed rule call for affiliated interest contracts to be filed "for approval." On the other hand, the statute gives the Commission authority to disapprove payments under an affiliated interest agreement. *RCW 81.16.030*. Presumably, the disapproved payment would be in the context of ratemaking recovery, and it would apply only to the Washington intrastate share of the payment. If so, there is no problem, because FERC does not regulate intrastate rates. Congress has "expressly provided that [scope of federal rate regulation] was not to extend to purely intrastate traffic." *Simpson v. Shephard*, 230 U.S. 352, 418 (1913).

33 The Commission also has statutory authority to disapprove the contract itself. *RCW 81.16.020*. In any event, a challenge on this basis is premature, because the rule itself does not pose that sort of conflict. Accordingly, the broad attack of the sort levied by Olympic against the affiliated interest filing requirements fails because there are legitimate purposes to be fulfilled under RCW 81.16 by the Commission regarding regulation of intrastate pipeline transportation rates, and those purposes are advanced by the proposed rule.

WAC 480-90-257 Commission basis report.

34 NW Natural suggests that Section 2(b) be clarified so as to state, "Results of operations adjusted for any material out-of-period, nonoperating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base, and . . . "

35 The Commission accepts this proposal.

WAC 480-70-079, 480-90-264, 480-100-264, 480-110-575, 480-120-395 Affiliated interest and subsidiary transactions report, and WAC 480-92-055 Reporting requirements—Special reports.

- 36 Qwest and Verizon urge deletion of the rule’s reporting requirement of transactions between a public service company and its subsidiaries. They argue that subsidiary regulation is not permitted under RCW 80.16, the affiliated interest statute, nor any other statute vesting the Commission with regulatory powers. Alternatively, Verizon requests the rule specifically exempt subsidiaries that are local exchange companies.
- 37 Olympic comments that this rule would require extensive reporting on each and every activity and “transaction” governed by the operating agreement which necessarily involves Olympic’s operator, an “affiliate” entity. Olympic also states that this contract is already provided to the Commission under WAC 480-73-190. Olympic suggests that to the extent transactions with affiliated entities are governed by and required by its operating agreement, those transactions should be excluded from the reporting obligations of this proposed regulation.
- 38 Olympic notes that its two shareholders are ultimately affiliated with two of the World’s largest corporations, BP and Shell. According to Olympic, there are literally hundreds of entities “affiliated” with Olympic, many of which are not publicly traded. Olympic asserts that the Commission does not have authority to compel Olympic to provide to the Commission financial information which is not Olympic’s property, is not “public information, and is instead the property of entities which are not subject to the Commission’s regulatory authority. Olympic states that it could provide annual financial statements and reports of both BP and Shell, which are publicly traded and thus their financial information is available.
- 39 The Commission does not accept the proposal to delete reporting of transactions involving a regulated company’s subsidiaries from the proposed rule. The Commission has broad authority under RCW 80.04.080 to require special reports from regulated companies concerning any matters about which it is authorized or required to keep itself informed. These include transactions involving a regulated company’s subsidiaries, which can directly and substantially affect the assets and liabilities of the regulated company, and in turn, the rates and services

provided by the regulated company to its ratepayers. The Commission also has broad authority to examine the accounts, books, and documents of the regulated company, including its subsidiaries, pursuant to RCW 80.04.070. The Commission also rejects Verizon's alternative proposal to specifically exempt subsidiaries that are local exchange companies. The fact that a subsidiary of a utility is itself a regulated utility does not, in and of itself, eliminate the possibility that transactions between the two entities could be disadvantageous to one of them. The regulator would not have reviewed the terms of the transaction, and it would not be at arms length. Therefore effective oversight of the regulated utility requires information on its transactions with regulated subsidiaries. If there are specific circumstances where this concern is not present, the affected utility may seek an exemption.

WAC 480-120-331 Filing information.

- 40 Qwest recommends deleting subsection (2) of the proposed rule, which provides that the Commission may require pertinent information "in addition to that" specified by statute or in this statute because it appears to grant the Commission powers beyond those granted by the legislature.
- 41 The Commission does not accept this proposal. The proposed rule specifies that the additional information that the Commission may require is limited to "pertinent information." As Qwest points out, the Commission has broad authority to gather information from public service companies under the provision of RCW 80.04.070.

WAC 480-73-160 Annual reports.

- 42 Olympic suggests amending WAC 480-73-160(5) to specify the regulatory fee is based upon intrastate operating revenue.
- 43 The Commission accepts this suggestion. The regulatory fee is based upon intrastate operating revenue.
- 44 **COMMISSION ACTION:** After considering all of the information regarding this proposal, the Commission finds and concludes that it should amend, repeal, and adopt the rules in the supplemental CR-102 Notice at WSR #05-01-224 with the changes described below.

45 **CHANGES FROM PROPOSAL:** After reviewing the entire record, the Commission adopts the supplemental CR-102 proposal with the following changes from the text noticed at WSR # 05-01-224.

WAC 480-70-078, 480-73-190, 480-90-245, 480-100-245, 480-110-545, 480-120-375 Affiliated interests--Contracts or arrangements, and WAC 480-92-055 Reporting requirements--Special reports.

46 WAC 480-70-078, 480-73-190, 480-90-245, 480-100-245, 480-110-545, 480-120-375 and 480-92-055 are edited as follows:

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, except for transactions provided at tariff rates,

WAC 480-70-079, 480-90-264, 480-100-264, 480-110-575, 480-120-395 Affiliated interest and subsidiary transactions report, and WAC 480-92-055 Reporting requirements--Special reports.

47 WAC 480-70-079, 480-90-264, 480-100-264, 480-110-575, 480-120-395 and 480-92-055, as published in the CR-102, are edited as follows:

(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, except for transactions provided at tariff rates,

WAC 480-73-210 Affiliated interest and subsidiary transactions report.

48 WAC 480-73-210, as published in the CR-102, is edited as follows:

(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 showing the pipeline company and how it is related to its affiliated interests and subsidiaries.

(3) (a) A balance sheet and income statement for such affiliated interest to the extent such information is publicly available, and if not publicly available but

the balance sheet and income statement of a parent of such affiliated interest is publicly available, then the balance sheet and income statement for such parent must be provided;

WAC 480-73-060 and 480-110-456 Definitions.

49 WAC 480-73-060 and 480-110-456, as published in the CR-102, are edited as follows:

~~"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.~~

WAC 480-73-110, 480-90-207, 480-100-207, 480-110-457 and 480-120-331 Filing information.

50 WAC 480-73-110, 480-90-207, 480-100-207, 480-110-457 and 480-120-331, as published in the CR-102, are edited as follows:

(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 . . .~~

WAC 480-73-160 Annual reports.

51 WAC 480-73-160, as published in the CR-102, is edited as follows:

(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 intrastate operating revenue plus two-tenths of one percent of any gross intrastate operating revenue in excess of fifty thousand dollars.

WAC 480-73-180, 480-90-244, 480-100-244, and 480-120-369 Transferring cash or assuming obligations.

52 WAC 480-73-180, 480-90-244, 480-100-244, and 480-120-369, as published in the CR-102, are edited as follows:

(1) At least five business days before a [pipeline company] ~~that is not rated investment grade~~ whose corporate/issuer rating is not in one of the four highest rating categories of either Standard & Poors L.L.C. or Moody's Investors Service, Inc.

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

53 WAC 480-90-244, as published in the CR-102, is edited as follows:

(1)(b)A utility's common shareholder equity is determined according to the latest annual report filed pursuant to WAC ~~480-100~~ 90-252 (Federal Energy Regulatory Commission (FERC) Form No. ~~4~~ 2). Information about the FERC Form No. ~~4~~ 2 regarding the version adopted and where to obtain it is set out in WAC ~~480-100~~ 90-999 (Adoption by reference).

WAC 480-110-535 Transferring cash or assuming obligation.

54 WAC 480-110-535, as published in the CR-102, is edited as follows:

Transferring cash or assuming obligations.

WAC 480-120-369 Transferring cash or assuming obligations.

55 WAC 480-120-369, as published in the CR-102, is edited as follows:

This section does not apply to a company classified as competitive pursuant to RCW 80.36.320~~;~~, or to a local exchange company that serves less than two percent of the access lines in the state of Washington.

WAC 480-90-248, 480-100-248, and 480-110-555 Transfers of property.

- 56 WAC 480-90-248, 480-100-248, and 480-110-555, as published in the CR-102, are edited as follows:

Securities and Transfers of property. (1) Before a [gas utility] issues stock, securities, or other evidence of indebtedness, the utility must comply with the requirements of chapters 80.08 RCW and 480-146 WAC.

WAC 480-90-257 and 480-100-257 Commission basis report.

- 57 WAC 480-90-257 and 480-100-257, as published in the CR-102, are edited as follows:

(b) Results of operations adjusted for any material out-of-period,

WAC 480-110-335 Establishing credit and deposits.

- 58 WAC 480-110-335, as published in the CR-102, is edited as follows.

(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 ~~as of November 15 of the previous year, as~~ calculated by the U.S. Treasury, ~~as and~~ 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;~~

WAC 480-121-063 Regulatory requirements that may be waived for competitively classified telecommunications companies.

- 59 WAC 480-121-063, as published in the CR-102, is edited as follows:

(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))~~ ~~(t)~~ 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);~~

and

~~(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)~~~~(x)~~ of this subsection or may waive any regulatory requirement not included in (a) through ~~((u))~~ ~~(y)~~~~(x)~~ of this subsection.

Chapter 480-146 WAC COMMISSION GENERAL--SECURITIES, LIENS, AFFILIATED-INTEREST, REFUNDING OF NOTES, LEASE OF UTILITY FACILITIES

60 The title of Chapter 480-146 WAC as published in the CR-102, is edited as follows:

COMMISSION GENERAL--SECURITIES, LIENS, ~~AFFILIATED~~ INTEREST, REFUNDING OF NOTES, LEASE OF UTILITY FACILITIES

- 61 **STATEMENT OF ACTION; STATEMENT OF EFFECTIVE DATE:** In reviewing the entire record, the Commission determines that WAC sections 480-90-208, 480-90-218, 480-100-208, 480-100-218, 480-110-495, 480-110-265, 480-110-295, 480-110-275, 480-110-475, 480-110-285, 480-120-301, 480-120-303, 480-120-304, 480-120-305, 480-120-311, 480-120-321, 480-120-323, 480-146-350, and 480-146-360 should be repealed as set forth in Appendix A, to take effect pursuant to RCW 34.05.380(2) on the thirty-first day after filing with the Code Reviser.
- 62 WAC sections 480-70-041, 480-70-051, 480-90-008, 480-90-023, 480-90-999, 480-92-016, 480-92-021, 480-92-050, 480-100-008, 480-100-023, 480-100-999, 480-110-205, 480-110-215, 480-110-225, 480-110-235, 480-110-245, 480-110-335, 480-110-355, 480-110-365, 480-110-375, 480-110-385, 480-110-395, 480-110-415, 480-110-425, 480-110-445, 480-110-465, 480-110-485, 480-110-999, 480-120-015, 480-121-063, and the title to Chapter 480-146 WAC should be amended to read as set forth in Appendix A, as rules of the Washington Utilities and Transportation Commission, to take effect pursuant to RCW 34.05.380(2) on the thirty-first day after filing with the Code Reviser.
- 63 WAC sections 480-70-077, 480-70-078, 480-70-079, 480-90-207, 480-90-209, 480-90-244, 480-90-245, 480-90-248, 480-90-252, 480-90-257, 480-90-264, 480-90-268, 480-90-275, 480-92-055, 480-100-207, 480-100-209, 480-100-244, 480-100-245, 480-100-248, 480-100-252, 480-100-257, 480-100-264, 480-100-268, 480-100-275, 480-110-227, 480-110-261, 480-110-431, 480-110-433, 480-110-456, 480-110-457, 480-110-459, 480-110-505, 480-110-515, 480-110-535, 480-110-545, 480-110-555, 480-110-575, 480-120-325, 480-120-331, 480-120-335, 480-120-339, 480-120-344, 480-120-352, 480-120-355, 480-120-369, 480-120-375, 480-120-379, 480-120-382, 480-120-385, 480-120-395, 480-120-399, 480-73-010, 480-73-020, 480-73-030, 480-73-040, 480-73-050, 480-73-060, 480-73-110, 480-73-120, 480-73-130, 480-73-140, 480-73-150, 480-73-160, 480-73-180, 480-73-190, 480-73-210, and 480-73-999 should be adopted to read as set forth in Appendix A, as a rule of the Washington Utilities and Transportation Commission, to take effect pursuant to RCW 34.05.380 (2) on the thirty-first day after filing with the Code Reviser.

THE COMMISSION ORDERS:

- 64 WAC sections 480-90-208, 480-90-218, 480-100-208, 480-100-218, 480-110-495, 480-110-265, 480-110-295, 480-110-275, 480-110-475, 480-110-285, 480-120-301, 480-120-303, 480-120-304, 480-120-305, 480-120-311, 480-120-321, 480-120-323, 480-146-350, and 480-146-360 are repealed as set forth in Appendix A, to take effect on the thirty-first day after the date of filing with the Code Reviser pursuant to RCW 34.05.380(2).
- 65 WAC sections 480-70-041, 480-70-051, 480-90-008, 480-90-023, 480-90-999, 480-92-016, 480-92-021, 480-92-050, 480-100-008, 480-100-023, 480-100-999, 480-110-205, 480-110-215, 480-110-225, 480-110-235, 480-110-245, 480-110-335, 480-110-355, 480-110-365, 480-110-375, 480-110-385, 480-110-395, 480-110-415, 480-110-425, 480-110-445, 480-110-465, 480-110-485, 480-110-999, 480-120-015, 480-121-063, and the title of Chapter 480-146 WAC are amended to read as set forth in Appendix A, as rules of the Washington Utilities and Transportation Commission, to take effect on the thirty-first day after the date of filing with the Code Reviser pursuant to RCW 34.05.380(2).
- 66 WAC sections 480-70-077, 480-70-078, 480-70-079, 480-90-207, 480-90-209, 480-90-244, 480-90-245, 480-90-248, 480-90-252, 480-90-257, 480-90-264, 480-90-268, 480-90-275, 480-92-055, 480-100-207, 480-100-209, 480-100-244, 480-100-245, 480-100-248, 480-100-252, 480-100-257, 480-100-264, 480-100-268, 480-100-275, 480-110-227, 480-110-261, 480-110-431, 480-110-433, 480-110-456, 480-110-457, 480-110-459, 480-110-505, 480-110-515, 480-110-535, 480-110-545, 480-110-555, 480-110-575, 480-120-325, 480-120-331, 480-120-335, 480-120-339, 480-120-344, 480-120-352, 480-120-355, 480-120-369, 480-120-375, 480-120-379, 480-120-382, 480-120-385, 480-120-395, 480-120-399, 480-73-010, 480-73-020, 480-73-030, 480-73-040, 480-73-050, 480-73-060, 480-73-110, 480-73-120, 480-73-130, 480-73-140, 480-73-150, 480-73-160, 480-73-180, 480-73-190, 480-73-210, and 480-73-999 are adopted to read as set forth in Appendix A, as rules of the Washington Utilities and Transportation Commission, to take effect on the thirty-first day after the date of filing with the Code Reviser pursuant to RCW 34.05.380(2).

67 This Order and the rules set out below, after being recorded in the register of the Washington Utilities and Transportation Commission, shall be forwarded to the Code Reviser for filing pursuant to chapters 80.01 and 34.05 RCW and chapter 1-21 WAC.

DATED at Olympia, Washington, this 28th day of February, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner

Note: The following is added at Code Reviser request for statistical purposes:

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, amended 0, repealed 0; Federal Rules or Standards: New 0, amended 0, repealed 0; or Recently Enacted State Statutes: New 0, amended 0, repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, amended 0, repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 67, amended 30, repealed 19.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, amended 0, repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, amended 0, repealed 0; Pilot Rule Making: New 0, amended 0, repealed 0; or Other Alternative Rule Making: New 0, amended 0, repealed 0.