

Industry Comments and Proposed Commission response
Dockets A-021178 and TO-030288
Attachment A

Verizon:

WAC 480-120-365(1)

Time frame for filing the required report should be set more realistically and the distinction between investment grade and non-investment grade should be put back into the rule. Suggest reporting 30 days after the end of the month in which the investment grade telecommunications company issues a security.

Proposed Commission response:

RCW 80.08.040 specifically requires filing "before" issuance. The previous blanket exemption for investment grade companies had been combined with a requirement for non-investment grade companies to report 5 days prior to issuance. The proposed rule now replicates statutory language requiring a report "before" issuance. The Commission may exempt certain issuances by order under the provisions of RCW 80.08.047 if application of the securities statute is not required by the public interest.

Qwest:

WAC 480-120-365(6)(b) and WAC 480-120-389(1)(b)

The proposed rules require reporting the actual use of proceeds stating the final amount used for each purpose allowed by RCW 80.08.030. Cash is fungible, it is impossible to track the ultimate disposition of every dollar raised through a security issue.

Proposed Commission response:

It is not necessary to track every particular dollar raised through a securities issuance. It is important that the company's total expenditures during the reporting period for each specific purpose equals or exceeds the expected use of proceeds described in the initial securities issuance filing.

Qwest:

WAC 480-120-365(6)

The proposed rule requires certain information within 60 days after the issuance of any securities. Imposing the requirement will, in many cases, create an obligation that no company can satisfy. Qwest recommends adding

the words "if known" or "to the extent known" to both WAC 480-120-365(6)(b) and 480-120-389(1)(b).

Proposed Commission response:

The words "to the extent known" have been incorporated into WAC 480-73-170(4)(b), 480-90-242(6)(b), 480-100-242(6)(b), 480-110-525(6)(b), and 480-120-365(6)(b) in the proposed drafts recognizing certain information may not be known within 60 days. WAC 480-120-389(1)(b) requires a report by April 1 of each year of the transactions for the period January 1 through December 31 of the preceding year. This information should be available by April 1.

Supplemental Comments of Qwest:

WAC 480-120-365

If read literally, proposed WAC 480-120-365 purports to require a telecommunications company to report all notes regardless of the length of the underlying obligation and to report any obligation or liability as guarantor.

Proposed Commission response:

This was not the intent. Language suggested by Qwest that exempts from reporting notes that are exempted under RCW 80.08.043 and qualifying the reporting of any obligations or liability to those subject to reporting under RCW 80.08.130 have been incorporated into the proposed draft for each industry.