



PREPROPOSAL STATEMENT OF INQUIRY

(RCW 34.05.310)

CR-101 (7/22/01)

Do **NOT** use for expedited rule making

Agency: WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Subject of possible rule making: This CR-101 supplements the preproposal statement of inquiry of October 2, 2002, filed as WSR 02-20-105, as follows:

1. This supplemental CR-101 provides notice that other industries, including auto transportation companies may be affected by rules adopted in this docket; and
2. This filing gives notice that the Commission is not proposing that rules adopted in this docket apply to competitive telecommunications companies.

In other respects, the scope of the proceeding identified in the statement at WSR 02-20-105 remains unchanged. Docket No. A-021178

(a) Statutes authorizing the agency to adopt rules on this subject:

RCW 80.01.040, RCW 80.04.160, and RCW 81.04.160

(a) Reasons why rules on this subject may be needed and what they might accomplish:

The regulated transportation and utility business environments have undergone a number of significant developments that include corporate and industry restructuring, competition, bankruptcy, financial rating downgrades, volatile commodity supply and demand, volatile pricing, and concern with the accuracy of corporate financial statements and reports. In this new environment, transactions between regulated companies and their affiliates and subsidiaries may significantly impact ratepayers. Transactions with affiliated interests are covered by existing law, but there are no rules specifically covering some types of subsidiaries. Establishing reporting requirements regarding transactions between regulated companies and their subsidiaries would provide the Commission with more timely identification and disclosure of intercompany transactions that pose difficult regulatory issues. Establishing rules applicable to regulated companies may include, but not be limited to, the following:

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

(b) Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: FERC, FCC, SEC

(d) Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

The Commission will ask for initial written comments, and will provide the opportunity for additional comments.

(e) How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Interested persons may contact the Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington, 98504-7250; Telephone (360) 664-1174; Facsimile (360) 586-1150. The Commission will have provided notice of the previously-noticed workshop to companies that may be directly affected by the changes proposed herein. In addition, the written-comment date for such companies is extended to **Wednesday, November 27, 2002**. For specific information regarding the procedure for filing written comments and to ensure receipt of further information concerning this rulemaking, please see the attachment to this form.

A stakeholder workshop will be held **Tuesday, November 5, 2002**, in Room 206 at the Commission's headquarters, beginning at 9:30 a.m. until 4:30 p.m.

CODE REVISER USE ONLY

**Filed with the Code Reviser's Office
October 28, 2002**

**3:02 p.m.
WSR 02-22-030**

NAME (TYPE OR PRINT)

CAROLE J. WASHBURN

SIGNATURE

TITLE

SECRETARY

DATE

OCT. 28, 2002

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET NO. A-021178

(e) Interested persons may contact the Secretary, Washington Utilities and Transportation Commission, P. O. Box 47250, Olympia, Washington, 98504-7250, 360-664-1174 (Fax: 360-586-1150).

WRITTEN COMMENTS AND STAKEHOLDER WORKSHOP

The Commission will have provided notice of the previously-noticed workshop to companies that may be directly affected by the changes proposed herein. In addition, the written-comment date for such companies is extended to **Wednesday, November 27, 2002**, and may be submitted to the Commission at the address given above. We look forward to your participation and comments at the **November 5, 2002, stakeholder workshop**.

Electronic copies. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted by electronic mail to the Commission's Records Center at records@wutc.wa.gov. Please include:

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

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

Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may (1) call the Commission's Records Center at 360-664-1234, (2) e-mail the Commission at records@wutc.wa.gov, or (3) mail written comments to the address above to the attention of Carole J. Washburn, Secretary. When contacting the Commission, please refer to Docket No. A-021178 to ensure that you are placed on the appropriate service list. Questions may be addressed to Fred Ottavelli (360) 664-1297 or e-mail at fottavel@wutc.wa.gov or Sharyn Bate (360) 664-1295 or e-mail at sbate@wutc.wa.gov.

NOTICE

TO CONTINUE RECEIVING NOTICES AND INFORMATION ABOUT THIS RULEMAKING -- The Commission wants to ensure its mailings are sent to persons who are interested in the topic and want to receive that information. **ANY PERSON WHO COMMENTS** will continue to receive notices and information. If you do not submit comments but wish to remain on the mailing list for this rulemaking, please advise the Records Center by any one of the following methods: (1) send a note with your name, address (or a copy of your mailing label), and telephone and fax numbers referencing Docket No. A-021178, and the words "Please keep me on the mailing list"; or (2) E-mail your name, address, telephone and fax numbers, referencing Docket No. A-021178, and the words "Please keep me on the mailing list" to <records@wutc.wa.gov>. Please note that all information in the mailings will be accessible through the Commission's Internet web site at <<http://www.wutc.wa.gov/021178>>. **IF YOU DO NOT RESPOND, YOU MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ABOUT THE RULEMAKING.**