Exhibit C

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September 22, 2004

Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
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Olympia, Washington 98504-7250

Re: Rulemaking to Consider Financial Reporting Rules
Docket Nos. A-021178 and TO-030288

Ladies and Gentlemen:

The Bond Market Association ("TBMA")[1] and The Securities Industry Association (the "SIA")[2], are furnishing this letter in response to your request for comments from persons with professional expertise regarding specific problems that will result from the requirement in WAC 480-120-365 to file general information on anticipated financings five days before the securities are issued, even if such filings are kept confidential.

SIA

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In recent years, the debt and equity new issue markets have seen a sharp increase in financings that are executed with little or no advance marketing efforts by the issuer or underwriters (such deals are referred to as "overnight deals," "bought deals," "block trades," or "accelerated deals"). The flexibility to choose the precise moment to announce an offering of new securities has been of critical importance to many issuers in the current market environment.

Securities and Exchange Commission rules, particularly (shelf registration) Rule 415 and Rule 144A, have for the past decade or two allowed issuers to access the market

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[1] TBMA is a global trade organization that represents approximately 200 securities firms and banks that underwrite, trade, and distribute approximately $22 trillion in debt in the United States and international markets. TBMA's members deal in a wide variety of public and fixed-income securities. Its member firms collectively represent in excess of 95 percent of the initial distribution and secondary market trading of municipal bonds, corporate bonds, mortgage, and other asset-backed securities and other fixed-income securities. More information about TMBA is available on its website: www.bondmarkets.com.

[2] SIA, established in 1972 through the merger of the Association of Stock Exchange Firms and the Investment Banker's Association, brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs 790,600 individuals. Industry personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2003, the industry generated $213 billion in domestic revenue and an estimated $283 billion in global revenues. (More information about SIA is available on its home page: www.sia.com.

instantaneously, without prior notice to the market or to the SEC itself. Issuers are permitted to file shelf registration statements that provide the flexibility to issue securities at any time and from time to time after the effectiveness of the registration statement. The registration statement does not obligate the issuer to issue securities nor does the filing of the registration statement necessarily indicate an intent to issue at any particular time (note that this is consistent with the exemption in WAC 480-120-365, which says that the filing of a shelf registration does not constitute an issuance, but, as discussed below, that exemption is too narrow). Only after an issuer sells securities off a shelf registration statement (called a "shelf takedown") do SEC rules require the filing of a prospectus supplement containing the terms of the offering.

1. If the existence of the filings is not kept confidential, the requirement to file information about anticipated financings would likely increase the cost of financings and, in some cases, damage the ability of issuers to complete financings.

Issuers who announce new financings frequently see their existing securities "sell off" during the period between announcement and pricing, which has the effect of increasing the cost of issuing new securities because newly-issued securities are priced with reference to the market price of an issuer's already-outstanding securities. In general, the longer such period, the greater the likelihood that the sell off will occur and the greater the magnitude of the sell off. Where a pronounced sell-off occurs, an issuer may be compelled to delay the financing, with the result being that the prices of its outstanding securities will continue to be held down by the "overhang" from the anticipated new supply, which will likely affect the cost of the new financing when it is later executed, even if ultimately executed as a bought or overnight deal. For these reasons, if the filing requirements of WAC 480-120-365 are adopted, it is critical that the existence of such filings, and the filings themselves, be kept confidential. The exemption in WAC 480-120-365 for the *filing* of a shelf registration statements is insufficient to address these concerns because the filing of a registration statement is not sensitive information (since, again, the filing itself does not mean that an offering is imminent); the sensitive information is the fact that a takedown off the shelf is contemplated.

2. Even if the existence of the filings under WAC 480-120-365 would be kept confidential, such filings could nevertheless prevent issuers from completing certain financings and could also lead to disclosure concerns for issuers.

It is not uncommon for an issuer to make a decision to finance on the very day of a new issuance. Often, this is because general market conditions present an unforeseen opportunity to finance or because investors suddenly indicate an appetite to purchase securities of the issuer (the latter is known as a "reverse inquiry" financing). A five-day prior notice requirement would eliminate the flexibility to respond to these unforeseen opportunities and reverse inquiries, causing some issuers to miss a financing window.

In addition, the filing requirement raises disclosure concerns, even if kept confidential: specifically, an issuer might be compelled to disclose to the market the fact that it is planning a financing, especially if the issuer is disclosing other information to the market at or around that time. (For example, many issuers commence offerings shortly after publicly announcing their latest earnings results, but generally do not disclose the possibility of an offering in their earnings announcements.) Disclosure of a potential offering is often deemed by counsel not

to be legally required if the issuer has not made a definitive decision to proceed with the financing (i.e., if the financing is dependent upon market conditions). The filing requirement could change this analysis, because the filing would appear to evidence that a decision to finance has in fact been made. It is quite possible that some counsel could conclude that an issuer that has made a filing under WAC 480-120-365 should disclose its financing plans to the market, which, in turn, could lead to the undesirable outcomes described under item 1 above. Alternatively, failing to disclose the potential financing could, especially when viewed in hindsight, expose an issuer to allegations of incomplete disclosure.

Moreover, confidentiality will not eliminate issuers' concerns about their filings being discoverable by members of the public under WAC 480-07-160. Some sophisticated investors, such as hedge funds and arbitrageurs, could seek to use a constant stream of such requests to monitor for financing filings.

3. The separate requirement under the proposed rules to file the terms of the financing before issuance would raise its own set of logistical difficulties for issuers.

The proposed requirement to file the actual terms of the proposed financing before issuance of the proposed security is impractical because the terms generally are not determined until the time of the issuance. This proposed requirement should be amended along the lines of SEC Rule 424, which generally does not require the filing of a final prospectus until two business days after the pricing of an offering.

If you have any questions regarding the foregoing or desire any additional information, please do not hesitate to contact Michele David at TBMA at (646) 637-9220, George Kramer at SIA at (202) 216-2047, or Marin Gibson at SIA at (212) 618-0617.

Sincerely,

/s/ *Michele C. David*

Michele C. David
Vice President and
Assistant General Counsel
The Bond Market Association

/s/ *George Kramer*

George Kramer
The Securities Industry Association