

SECURITIES AND EXCHANGE COMMISSION

FORM U-3A-2

Statement by holding company claiming exemption [Rule 2]

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FILER

WASHINGTON ENERGY CO

CIK: **225998** | IRS No.: **911005304** | State of Incorpor.: **WA** | Fiscal Year End: **0930**
Type: **U-3A-2** | Act: **35** | File No.: **069-00234** | Film No.: **94513882**
SIC: **4924** Natural gas distribution

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FORM U-3A-2
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

STATEMENT BY HOLDING COMPANY CLAIMING EXEMPTION UNDER RULE U-3A-2
FROM THE PROVISIONS OF THE PUBLIC UTILITY HOLDING COMPANY
ACT OF 1935

WASHINGTON ENERGY COMPANY

FEBRUARY 28, 1994

PAGE 2

FORM U-3A-2
File No. 69-234

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Statement by Holding Company Claiming Exemption Under Rule U-3A-2
from
the Provisions of the Public Utility Holding Company Act of 1935
To be Filed Annually Prior to March 1

WASHINGTON ENERGY COMPANY
(Name of Company)

hereby files with the Securities and Exchange Commission,
pursuant to Rule U-3A-2 (now Regulation Section 250.2) its
statement claiming exemption as a holding company from the
provisions of the Public Utility Holding Company Act of 1935.
In support of such claim for exemption, the following information
is submitted:

1. Name, State of Organization, Location and Nature of Business
of Claimant and Every Subsidiary Thereof.

Claimant: Washington Energy Company, organized in the State of
Washington - a holding company owning directly, all of the
outstanding common stock of Washington Natural Gas Company,
Thermal Efficiency, Inc., Thermal Energy, Inc., Washington Energy

Resources Company, ThermRail, Inc., WECO Finance Company, Washington Energy Services Company and Holdings Northwest, Inc., and indirectly, the interests in other companies as described below.

Subsidiaries of Claimant:

Washington Natural Gas Company, a Washington corporation, distributes natural gas at the retail level in the Puget Sound area of western Washington.

WNG CAP I, Inc., a Washington corporation, and WNG CAP II, Inc., a Washington corporation, are wholly-owned subsidiaries which were formed to provide operational flexibility with respect to firm transportation agreements of Washington Natural Gas Company.

Thermal Efficiency, Inc., a Washington corporation, together with Holdings Northwest, Inc., owns Unisyn, which is a discontinued operation that has developed technology to process animal waste.

Holdings Northwest, Inc., a Washington corporation, has a partnership interest together with Thermal Efficiency in Unisyn.

Unisyn, a Hawaii general partnership, is owned 100% by Thermal Efficiency, Inc., and Holdings Northwest, Inc. This discontinued operation has developed and patented technology to convert organic waste into various products addressing the problem of world wide pollution from organic waste.

PAGE 3

Thermal Energy, Inc., a Washington corporation, owns or leases coal and surface rights to coal in Montana.

Thermal Resources, Inc., a Montana corporation, is a wholly-owned subsidiary of Thermal Energy, Inc. Thermal Resources, Inc., is a single purpose company that leases coal in Montana to Montco, a partnership controlled by Thermal Energy, Inc.

Washington Energy Resources Company, a Washington corporation, is a holding company for corporate oil and gas exploration, development and production investments.

Washington Energy Exploration Company, a Washington corporation, is a wholly-owned subsidiary of Washington Energy Resources Company, and a participant in joint ventures with others in oil and gas exploration, development and production operations in various areas of the United States and Canada.

Washington Energy Oil Company, a Washington corporation, is a wholly-owned subsidiary of Washington Energy Resources Company, and is an oil and natural gas production and marketing company.

Washington Energy Marketing, Inc., a Washington corporation, is a wholly-owned subsidiary of Washington Energy Resources Company, and is an oil and natural gas marketing company.

ThermRail, Inc., a Washington corporation, was formed to participate as a partner in the Tongue River Railroad Company, to transport coal from future mines in Montana's Tongue River area to existing east-west rail lines.

Tongue River Holdings, Inc., a Montana corporation, is a limited partner in Tongue River Railroad Company, a Montana limited partnership. ThermRail, Inc., owns 87.5% of the common stock of this corporation.

WECO Finance Company, a Washington corporation, was formed to finance energy-related activities and is holder of the common stock of Mercer Insurance Company Limited.

Mercer Insurance Company Limited, a wholly-owned subsidiary of WECO Finance Company, is a Bermuda domiciled corporation providing primary insurance for Washington Energy Company and its affiliates.

Washington Energy Services Company, a Washington corporation, was formed October 1, 1993 to consolidate the merchandise marketing activities that previously were part of Washington Natural Gas Company and Thermal Efficiency, Inc.

PAGE 4

2. A Brief Description of the Properties of Claimant and Each of its Subsidiary Public Utility Companies Used for the Generation, Transmission and Distribution of Electric Energy for Sale, or for the Production and Distribution of Natural or Manufactured Gas, Indicating the Location of Principal Generating Plants, Transmission Lines, Producing Fields, Manufacturing Plants and Electric and Gas Distribution Facilities, Including all Such Properties Which are Outside the State in Which Claimant and its Subsidiaries are Organized and all Transmission or Pipelines Which Deliver or Receive Electric Energy or Gas at the Borders of Such State.

Claimant: None.

Subsidiary Public Utility Companies: The property of Washington Natural Gas Company (the only subsidiary public utility company) consists essentially of an underground natural gas distribution system and associated facilities owned in fee in 65 cities and towns (principally Seattle and Tacoma) and parts of five counties in the Puget Sound region of the State of Washington.

3. The Following Information for the Last Fiscal Year (Year Ended September 30, 1993) With Respect to Claimant and Each of Its Subsidiary Public Utility Companies:

- (a) Number of Kwh of electric energy sold (at retail or wholesale) and Mcf of natural or manufactured gas distributed at retail.

Claimant: None.

Washington Natural Gas Company: a total of 65,115,400 Mcf, adjusted to 1,000 Btu, of natural gas was sold at retail during the year ended September 30, 1993.

- (b) Number of Kwh of electric energy and Mcf of natural or manufactured gas distributed at retail outside the state in which each such company is organized.

Claimant: None.

- (c) Number of Kwh of electric energy and Mcf of natural or manufactured gas sold at wholesale outside the state in which each such company is organized, or at the state line.

Claimant: None.

Washington Natural Gas Company: a total of 9,550,400 Mcf of natural gas was sold at wholesale outside or at the state line of Washington State during the year ended September 30, 1993.

- (d) Number of Kwh of electric energy and Mcf of natural or manufactured gas purchased outside the state in which each such company is organized or at the state line.

Claimant: None.

Washington Natural Gas Company: a total of 96,487,100 Mcf, adjusted to 1,000 Btu of natural gas, was purchased outside or at the state line of Washington State during the year ended September 30, 1993.

PAGE 5

EXHIBIT A

A consolidating statement of income and surplus of Washington Energy Company and its subsidiary companies for the last fiscal year, together with a consolidating balance sheet of Washington Energy Company and its subsidiary companies as of the close of

such fiscal year. Thermal Efficiency, Inc. Consolidated includes Holdings Northwest, Inc.

STATEMENT CONCERNING UNDERTAKINGS

In its Form U-3A-2 for its fiscal year ended September 30, 1978, Washington Energy Company, as part of its statement claiming an exemption under Rule U-3A-2, made certain undertakings (the "Undertakings"). The Undertakings were made subject to change in the event of legislation, agency policy or rule changes or judicial or agency decisions. Washington Energy Company hereby states that, because of changes in agency policy, it no longer considers itself to be bound by the Undertakings, including any modification of any of the Undertakings.

The above-named claimant has caused this statement to be duly executed on its behalf by its authorized officer on the 28th day of February 1994.

WASHINGTON ENERGY COMPANY
(Name of Claimant)

(CORPORATE SEAL)

By /s/ William P. Vititoe
William P. Vititoe
Chairman of the Board and
Chief Executive Officer

Attest:

By /s/ T. J. Hogan
T. J. Hogan, Corporate Secretary

Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed:

William P. Vititoe, Chairman
and Chief Executive Officer
Washington Energy Company
815 Mercer Street
P. O. Box 1869
Seattle, Washington 98111

<TABLE>

PAGE 1

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
Consolidating Statement of Income and Retained Earnings
For the Year Ended September 30, 1993
(in thousands)

Exhibit A
Page 1 of 6

	Washington Energy Company	Washington Natural Gas Company	Thermal Energy, Inc. Consolidated	Washington Energy Resources Co Consolidated	Thermal Efficiency, Inc. Consolidated
<f>	<C>	<C>	<C>	<C>	<C>
Operating revenues	\$ -	\$ 431,063	\$ -	\$ 31,618	\$ 7,055
Operating expenses					
Purchases of gas		181,157			
Utility operations and maintenance		68,045			
Other operations	272	55,801	57	10,058	5,825
Depreciation, depletion and amortization		27,782		10,091	
General taxes	2	38,979		3,769	79
Federal income taxes	(2,084)	9,497	(126)	689	(113)
Total operating expenses	(1,810)	381,261	(69)	24,607	5,791
Operating income (loss)	1,810	49,802	69	7,011	1,264
Other income (expense), net					
Preferred dividend requirement-WNG	(2,612)				
Other	16,298	(1,198)	59	1,635	17

Gross income	15,496	48,604	128	8,646	1,281
Interest charges	5,849	26,833	1,322	4,022	1,392
Income (loss) from continuing operations	9,647	21,771	(1,194)	4,624	(111)
Loss from discontinued operations					(12,388)
Net income (loss)	9,647	21,771	(1,194)	4,624	(12,499)
Retained earnings beginning of period	31,193	55,088	4,576	(2,943)	(13,090)
Dividends - preferred stock	101	2,720			
- common Stock	32,282	26,045			
Retained earnings end of period	\$ 8,457	\$ 48,094	\$ 3,382	\$ 1,681	\$ (25,589)

PAGE 2

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
Consolidating Statement of Income and Retained Earnings (continued)
For the Year Ended September 30, 1993
(in thousands)

Exhibit A
Page 2 of 6

	WECO Finance Company	ThermRail, Inc. Consolidated	Eliminations	Washington Energy Company Consolidated
<f>	<C>	<C>	<C>	<C>
Operating revenues	\$ 1,310	\$ -	\$ (654)	\$ 470,392
Operating expenses				
Purchases of gas			(264)	180,893
Utility operations and maintenance			(389)	67,656
Other operations	3,914			75,927
Depreciation, depletion and amortization				37,873
General taxes				42,829
Federal income taxes	(869)	21	2,717	9,732
Total operating expenses	3,045	21	2,064	414,910
Operating income (loss)	(1,735)	(21)	(2,718)	55,482
Other income (expense), net				
Preferred dividend requirement-WNG				(2,612)
Other	141		(16,397)	555
Gross income	(1,594)	(21)	(19,115)	53,425
Interest charges	48	(37)	(8,039)	31,390
Income (loss) from continuing operations	(1,642)	16	(11,076)	22,035
Loss from discontinued operations				(12,388)
Net income (loss)	(1,642)	16	(11,076)	9,647
Retained earnings beginning of period	1,530	87	(45,248)	31,193
Dividends - preferred stock			(2,720)	101
- common Stock			(26,045)	32,282
Retained earnings end of period	\$ (112)	\$ 103	\$ (27,559)	\$ 8,457

PAGE 3

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
Consolidating Balance Sheet
September 30, 1993
(in thousands)

Exhibit A
Page 3 of 6

	Washington Energy Company	Washington Natural Gas Company	Thermal Energy, Inc. Consolidated	Washington Energy Resources Co Consolidated	Thermal Efficiency, Inc. Consolidated
----- Assets					
<f>	<C>	<C>	<C>	<C>	<C>
Property, plant and equipment					
Utility plant	\$ -	\$ 888,944	\$ -	\$ -	\$ -
Oil and gas, coal and other			46,684	206,014	822
Accumulated provisions for depreciation, depletion and amortization		(215,474)	(9,590)	(70,447)	(244)
Net property, plant and equipment		673,470	37,094	135,567	578
Investment in associated companies	302,926				
Current assets					
Cash and cash equivalents	(1,938)	9,773		1,457	
Receivables, net	1,774	52,007	1,151	13,750	2,191
Accounts and notes receivable - associated companies	177,222	4,459	3		1,036
Materials and supplies		39,606		887	286
Total current assets	177,058	105,845	1,154	16,094	3,513
Other assets and deferred charges					
Utility tax asset		18,767			
Deferred charges and other	235	36,434		1,966	566
Total other assets and deferred charges	235	55,201		1,966	566
Total assets	\$ 480,219	\$ 834,516	\$ 38,248	\$ 153,627	\$ 4,657

PAGE 4

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
Consolidating Balance Sheet (continued)
September 30, 1993
(in thousands)

Exhibit A
Page 4 of 6

	WECO Finance Company	ThermRail, Inc. Consolidated	Eliminations	Washington Energy Company Consolidated
----- Assets				
<f>	<C>	<C>	<C>	<C>
Property, plant and equipment				
Utility plant	\$ -	\$ -	\$ -	\$ 888,944
Oil and gas, coal and other		4,784		258,304
Accumulated provisions for depreciation, depletion and amortization				(295,755)
Net property, plant and equipment		4,784		851,493
Investment in associated companies			(302,926)	
Current assets				
Cash and cash equivalents	3,757			13,049
Receivables, net	967	123	(800)	71,163
Accounts and notes receivable - associated companies			(182,720)	
Materials and supplies				40,779
Total current assets	4,724	123	(183,520)	124,991
Other assets and deferred charges				
Utility tax asset				18,767
Deferred charges and other	1,195	409		40,805
Total other assets and deferred charges	1,195	409		59,572
Total assets	\$ 5,919	\$ 5,316	\$ (486,446)	\$ 1,036,056

PAGE 5

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
 Consolidating Balance Sheet (continued)
 September 30, 1993
 (in thousands)

Exhibit A
 Page 5 of 6

	Washington Energy Company	Washington Natural Gas Company	Thermal Energy, Inc. Consolidated	Washington Energy Resources Co Consolidated	Thermal Efficiency, Inc. Consolidated
Capitalization and Liabilities					
<f>	<C>	<C>	<C>	<C>	<C>
Capitalization					
Common shareholders' interest	\$ 322,931	\$ 262,334	\$ 9,382	\$ 40,683	\$ (17,689)
Redeemable preferred stock	5,886	17,300			
Long-term debt		353,400			
Total capitalization	328,817	633,034	9,382	40,683	(17,689)
Current liabilities					
Notes payable and commercial paper	145,498				
Sinking fund requirements	188	5,580			
Accounts payable and other current liabilities	1,523	38,693		16,826	2,999
Accounts and notes payable - associated companies	4,193	49,809	16,856	80,879	26,351
Accrued taxes		10,755		3,411	32
Total current liabilities	151,402	104,837	16,856	101,116	29,382
Deferred credits and other liabilities					
Accumulated deferred income taxes		62,480	12,010	11,464	(7,036)
Other utility tax liabilities		13,139			
Unamortized investment tax credits		10,913			
Contributions in aid of construction		10,113			
Other				364	
Total deferred credits and other liabilities		96,645	12,010	11,828	(7,036)
Total capitalization and liabilities	\$ 480,219	\$ 834,516	\$ 38,248	\$ 153,627	\$ 4,657

PAGE 6

WASHINGTON ENERGY COMPANY AND SUBSIDIARIES
 Consolidating Balance Sheet (continued)
 September 30, 1993
 (in thousands)

Exhibit A
 Page 6 of 6

	WECO Finance Company	ThermRail, Inc. Consolidated	Eliminations	Washington Energy Company Consolidated
Capitalization and Liabilities				
<f>	<C>	<C>	<C>	<C>
Capitalization				
Common shareholders' interest	\$ 988	\$ 1,102	\$ 296,800	\$ 322,931
Redeemable preferred stock			(5,886)	17,300
Long-term debt				353,400
Total capitalization	988	1,102	(302,686)	693,631
Current liabilities				
Notes payable and commercial paper				145,498
Sinking fund requirements			(240)	5,528
Accounts payable and other current liabilities	4,744		(801)	63,984
Accounts and notes payable - associated companies	808	3,823	(182,719)	
Accrued taxes				14,198
Total current liabilities	5,552	3,823	(183,760)	229,208
Deferred credits and other liabilities				
Accumulated deferred income taxes	(621)	391		78,688

Other utility tax liabilities				13,139
Unamortized investment tax credits				10,913
Contributions in aid of construction				10,113
Other				364
	-----			-----
Total deferred credits and other liabilities	(621)	391		113,217
	-----			-----
Total capitalization and liabilities	\$ 5,919	\$ 5,316	\$ (486,446)	\$1,036,056
	=====			=====

</TABLE>