

Washington Utilities and Transportation Commission

TIER 1 - Executive Cabinet Transition Document

AGENCY NAME – Washington Utilities and Transportation Commission

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PO Box 47250
Olympia, WA. 98504-7250

Website: <http://www.wutc.wa.gov>

Contact: Marilyn Showalter, Chairwoman
mshowalter@wutc.wa.gov, (360) 664-1173

Or

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AGENCY RESPONSIBILITIES

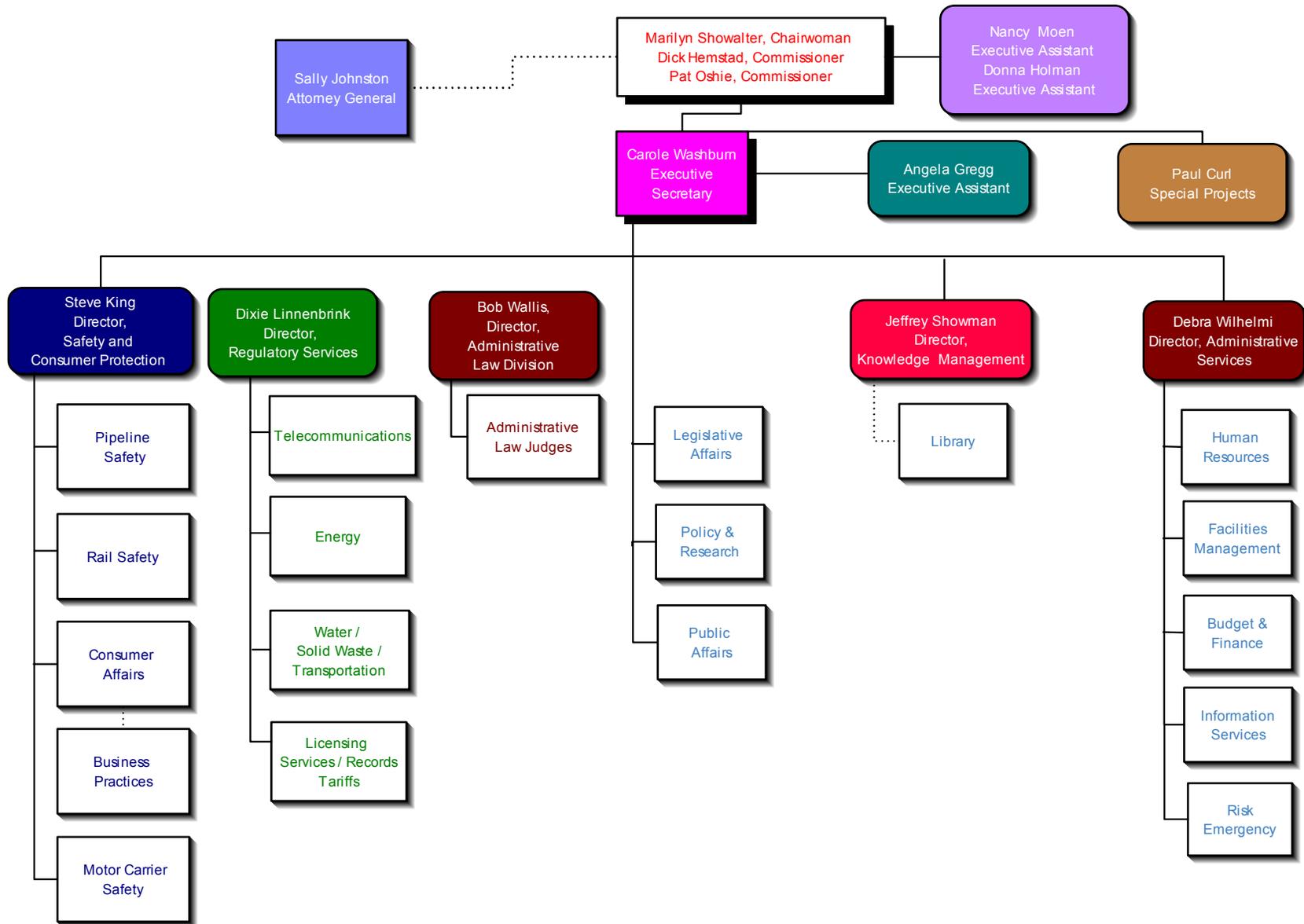
The Washington Utilities and Transportation Commission (UTC) protects consumers by ensuring that essential utility and transportation services are broadly available, safe, reliable and fairly priced. We do this by carefully balancing the interests of the companies providing the services with the interest of the consumers who pay in excess of \$5 billion annually for those services. This is a role that the commission has performed for almost 100 years and one which has required considerable adaptation over time.

The UTC regulates a wide range of services including: telecommunications (but not wireless, Internet or cable companies), electricity and natural gas, solid waste collection, water, pipelines, railroad carriers and facilities, in-state household movers, private ferries, and bus companies. For each industry, the type and purpose of regulation varies as does the agency's authority and jurisdiction. Generally, however, the Commission regulates rates, service quality and safety measures. New market conditions, technology, federal and state laws, and consumer expectations make for an ever-changing policy landscape.

The Commission values the ability of the public and companies to gain access to information about cases, evidence on which decisions are based, and other actions taken by the agency. Our general-business meetings and documents are open to the public and many members of the public participate in formal Commission cases addressed at the public meetings. Unlike most state agencies, the Commission also functions as a quasi-judicial body. This means that, like a court of law, it adjudicates cases brought before it, based on judicial rules of evidence.

Washington State Utilities and Transportation Commission

07-01-04



i:/adm/csc/hro/2004/agency org chart 2004

UTC BUDGET 2003-2005

The UTC is supported through fees paid by regulated companies.

03-05 Estimated Expenditures

Fund 111 – Public Service Revolving

| | |
|----------------------------------------------|------------------|
| Administrative Law Division | 1,263,149 |
| Safety & Consumer Protection Division..... | 4,857,805 |
| Regulatory Services Division..... | 8,923,160 |
| Administrative Services Division..... | 4,758,273 |
| Attorney General Division..... | 3,821,090 |
| Commissioner, Policy & Support Division..... | <u>2,923,615</u> |

Total Fund 111 **26,547,092**

Fund 297 – Pipeline Safety

| | |
|--------------------------------------------|------------------|
| Safety & Consumer Protection Division..... | <u>3,828,700</u> |
|--------------------------------------------|------------------|

Total Fund 297 **3,828,700**

Fund 080 – Grade Crossing Protection

| | |
|--------------------------------------------|----------------|
| Safety & Consumer Protection Division..... | <u>293,000</u> |
|--------------------------------------------|----------------|

Total Fund 080..... **293,000**

Total All Funds..... **30,668,792**

03-05 Estimated Revenue

| | |
|--------------------------------------------|------------|
| Public Safety Revolving Fund (111)..... | 26,762,200 |
| Pipeline Safety Fund (297)..... | 4,238,000 |
| Grade Crossing Protection Fund (080) | <u>0</u> |

Total **31,000,200**

UTC MAJOR ISSUES

TELECOMMUNICATIONS

The political and legal environment in telecommunications has been in constant flux since pro-competitive policies were enacted in the Federal Telecommunications Act of 1996. The law required existing local telephone companies to open their networks to competitors. Federal Communications Commission (FCC) has interpreted, and re-interpreted, the law in different fashions in response to a number of lawsuits and court decisions. This uncertainty has made it difficult for new providers to implement business plans that rely on leasing all or parts of the existing, incumbent telephone network. These areas of contention and uncertainty affect the UTC's role and workload in regulating service provider interactions. Most large businesses have a choice of providers, but competition has yet to reach residential and some small business markets. The increasing popularity of broadband Internet access has added to the complexity of the UTC's work. Uneven deployment of broadband has led to calls to consider it a "basic" service to be made universally available. Broadband also enables new services, such as Internet-based telephone service, that do not neatly fit the existing legal definitions

The UTC's efforts to accommodate and encourage technologies and greater competition are complicated by the fact that Washington State does not have an in-state universal service mechanism that is in compliance with federal law. The federal universal service system expects that a state with metropolitan areas, like Washington, has an in-state mechanism for ensuring the availability of reasonably priced service in higher-cost, rural areas through subsidies from lower-cost, metropolitan areas. State law does not provide for such a mechanism. The UTC supports replacing the current system of hidden subsidies with a state universal service program providing explicit, predictable support. Any new program should benefit all telecommunications ratepayers by ensuring reasonable access to a modern telecommunications network, by providing specific, sufficient, competitively and technologically neutral support for all telecommunications connections in high-cost locations, and by facilitating the development of competition.

As markets have changed and there is greater emphasis on cost cutting and competition, consumer concerns have risen. In fiscal year 2003 the UTC consumer affairs staff investigated 3,750 complaints resulting in customer credits of over \$520,000.

The Congress is considering rewriting the Telecommunications Act of 1996. The new act might focus on jurisdiction, clarification of competitive requirements and classification of new technologies such as Internet telephony. This rewrite could require state level changes to business and residential consumer protections and programs.

Key players and stakeholders:

| | | | | |
|-------|---------|--------|----------------|--------|
| Qwest | Verizon | WeBTEC | Sprint | CLEC's |
| AT&T | Comcast | MCI | Public Counsel | |

Staff Contact: Glenn Blackmon, Acting Director, Regulatory Services Division, (360) 664-1290, gblackmon@wutc.wa.gov.

ENERGY

The UTC regulates investor-owned (but not government-owned) electric and natural gas utilities. Washington’s energy utilities are experiencing costs for wholesale natural gas and electricity that are higher and more volatile than historical levels. Electricity utilities will need to acquire new generating capacity over the next few years to meet growing customer demand. These factors are producing upward pressure on customer rates. Currently, the commission is processing several rate-increase requests by its regulated energy utilities and will likely see more requests in the next few years.

The Bonneville Power Administration (“BPA”) supplies the bulk of the high voltage transmission relied upon by all Washington utilities and the bulk of the power generation relied upon by Washington’s publicly owned utilities. BPA and the region are struggling to reach agreement on BPA’s future role as a power-supplier and whether a new regional transmission organization (“RTO”) should be formed to manage transmission operations and planning. The WUTC plays an active role in these regional policy discussions to protect the interests of Washington electricity consumers.

The Federal Energy Regulatory Commission (FERC) and some members of Congress have proposed major electricity system restructuring which would destabilize this critical industry and put Washington consumers at risk. This uniform restructuring would ignore distinctive state and regional policies and circumstances. Changing federal regulations and failed efforts to deregulate electricity service have already adversely affected the ability of utility regulators to ensure affordable, stable electricity rates. The UTC has helped build a national coalition among public-power utilities, state public utility commissions, and other public officials who advocate on behalf of ratepayers. This coalition has urged Congress to avoid actions that would transfer aspects of each state’s policy and ratemaking authority to the FERC and usurp the ability of states and regions to pursue their chosen electricity policies.

Key players and stakeholders in Washington:

| | |
|-------------------------------|---------------------------------------------|
| Puget Sound Energy | Avista Utilities |
| Northwest Natural Gas | Cascade Natural Gas |
| PacifiCorp | Washington Attorney General |
| Public Utility Districts Assn | Industrial Customers of Northwest Utilities |
| Northwest Energy Coalition | Seattle City Light |
| Tacoma Public Utilities | CTED |

Website Links: <http://www.protectpowerconsumers.org>

Staff Contacts: Roger Braden, Assistant Director, Energy, rbraden@wutc.wa.gov
Dick Byers, Senior Policy Advisor, dbyers@wutc.wa.gov

PIPELINE SAFETY

The UTC Pipeline Safety Program has been inspecting intrastate natural gas pipelines since 1955. However, the state role and status in pipeline safety grew significantly following the fatal 1999 explosion of a federally regulated petroleum pipeline in Bellingham. The state legislature responded with the Washington State Pipeline Safety Act of 2000, which increased state pipeline safety requirements and directed the WUTC to seek the ability to serve as the federal agent in the regulation of interstate pipelines. The federal Office of Pipeline Safety (OPS) granted the UTC interstate agent status in 2000.

In 2002, the UTC began inspecting interstate pipelines as well. UTC staff fulfills nearly all pipeline safety tasks in Washington including incident investigation, public communication and outreach and liaison with the Federal Energy Regulatory Commission on pipeline issues. In total, the UTC pipeline safety program is responsible for 21,000 miles of pipeline within the state of Washington

The UTC, at the direction of the Legislature, created a Geographic Information System (GIS) showing the location of all major hazardous liquid and natural gas pipeline operations. This system is being shared with first responders, local governments and pipeline operators to help them with their responsibilities and to cultivate partnerships that can foster greater public awareness. Another part of this strategy is the creation of a virtual network providing information, event communication and resources to the community impacted by pipelines.

All costs of this enhanced program, not covered by federal grant, are recovered through fees paid by operators, including interstate operators who previously were not supporting a state safety program. After three years with the new fee structure, the UTC has undertaken a review of its methodology to determine whether modifications are warranted.

Key players and stakeholders in Washington:

| | |
|--------------------------------------|---------------------------------------|
| Pipeline Safety Trust | Puget Sound Energy |
| Association of Washington Cities | NW Natural Gas |
| Olympic Pipeline (British Petroleum) | Northwest Gas Association |
| Williams Pipeline | Avista Corporation |
| Federal Office of Pipeline Safety | Citizens Committee on Pipeline Safety |

Website Links: <http://www.wutc.wa.gov/pipeline>

Staff Contact: Alan Rathbun, Pipeline Safety Director, arathbun@wutc.wa.gov,
(360) 664-1254

Board Member Listing by Board Position

UTILITIES AND TRANSPORTATION COMMISSION (GS190)

| | | |
|------------------------------------------------|-----------------|------------------------|
| Agency 215 - Utilities and Transportation Comm | Senate Conf. Y | Positions: Maximum 003 |
| Authority Governor | Public Disc. Y | Minimum 000 |
| Authoriztn. RCW 80.01.010 | Term Length 072 | Actual 003 |
| Rem. Auth. SC | Meetings/Yr. Un | |

| <u>Pos. #</u> | <u>Name and Address</u> | <u>Status</u> | <u>Race</u> | <u>Appointed</u> | <u>Expires</u> |
|---------------|------------------------------------------------------------------|---------------------|-------------|------------------|----------------|
| 001 | Hemstad, Richard (Mr.) PO Box 47250 Olympia, WA 98504-7250 | A | C | 01/02/1999 | 01/01/2005 |
| | | Terms Served 02 | | | |
| | | Position a member | | | |
| | | Comments Republican | | | |

| <u>Pos. #</u> | <u>Name and Address</u> | <u>Status</u> | <u>Race</u> | <u>Appointed</u> | <u>Expires</u> |
|---------------|-------------------------------------------------------------|-------------------|-------------|------------------|----------------|
| 002 | Oshie, Patrick J. PO Box 47250 Olympia, WA 98504-7250 | A | NA | 05/24/2001 | 01/01/2007 |
| | | Terms Served 01 | | | |
| | | Position a member | | | |
| | | Comments Democrat | | | |

| <u>Pos. #</u> | <u>Name and Address</u> | <u>Status</u> | <u>Race</u> | <u>Appointed</u> | <u>Expires</u> |
|---------------|-------------------------------------------------------------------|-------------------|-------------|------------------|----------------|
| 003 | Showalter, Marilyn 2601 South Capitol Way Olympia, WA 98501 | A | C | 01/02/2003 | 01/01/2009 |
| | | Terms Served 02 | | | |
| | | Position Chair | | | |
| | | Comments Democrat | | | |